

Disclosing Through CDP

The business benefits

2023



CDP is the pioneer of environmental disclosure

18,700+

companies worth over half of global market capital disclose through CDP.

CDP is a non-profit that runs the global environmental disclosure system. We support organizations in making their environmental impact transparent to stakeholders, better understanding how they can reduce their impact, and acting to become environmental leaders. CDP is utilized by financial institutions and purchasing organizations to make informed decisions, reward high-performing companies, and drive action.

740+

financial institutions worth US\$130+ trillion in assets support our requests for data.

Capital markets and purchasers



Request environmental data through CDP



Companies



Measure and disclose their impacts, risks, opportunities and action



Companies take action to tackle climate change, prevent deforestation, safeguard water, halt nature loss and end plastic pollution and waste.



Why disclose environmental data?



The IPCC highlights climate risk disclosure as one of the "frameworks, behavioural incentives, and economic instruments that address market failures". Through disclosure, companies ensure they have the ability to adapt through resilient supply chains and business models, securing a liveable future and ensuring business longevity. Doing so uncovers wide-reaching business benefits, from increased brand value to risk management and getting ahead of regulation.

54%

of organizations said disclosing through CDP helps "boost their competitive advantage".

The Intergovernmental Panel on Climate Change IPCC released its Synthesis Report of the Sixth Assessment Report (AR6) on 20 March 2023 with a compelling assertion: "urgent climate action can secure a liveable future for all." However, with the 1.5 degrees of warming limit fast approaching, biodiversity having dropped by 60% on average since 1970, and extreme weather events increasing each year, time is running out. Corporates must wake up to the reality that climate change is the single greatest risk to the global economy, and it will impact them directly in the coming years.

Demonstrate action, boost reputation

- ▼ In another year when discussions around greenwashing took the fore, stakeholders want action to match talk, and disclosure is the first step to achieving tangible impact.
- ▼ CDP engages with policymakers on the development of sustainable finance taxonomies, which can drive capital allocation towards sustainable activities, reduce greenwashing and enable simpler comparison between investment opportunities.
- ▼ Financial institutions and end consumers increasingly expect companies to be transparent and take responsibility for their environmental impacts and strategy.
- ▼ The public is increasingly concerned about environmental issues and expects businesses to manage their environmental impacts and be transparent. In October 2021, according to an ONS survey, three-quarters (75%) of adults in the United Kingdom said they were worried about the impact of climate change.
- ▼ Young jobseekers searching for careers that help tackle environmental issues are being advised to look at CDP disclosures to establish which companies are "serious about responding to climate change ¹".

Get ahead of regulation

- ▼ CDP translates frameworks into actual disclosure questions and a standardized annual format, providing investors and companies with a unique platform where frameworks and standards can be brought into real-world practice through the collection, analysis and sharing of data. In 2018, we fully aligned with the TCFD and are set to integrate the ISSB climate disclosure standard from 2024.

Why disclose environmental data?

70%

of organizations said disclosing through CDP motivates their organization to take further environmental action.

73%

of companies responding to a 2022 CDP post-disclosure survey agreed that disclosing through CDP helps prepare their company for the future.



CDP disclosure is fully aligned with the TCFD Framework and will assist in your consistency with TCFD recommendations.

- By incorporating impactful, high-quality frameworks and standards, the 20,000 entities already disclosing annually through CDP's platform will be reporting against them – disclosing and providing data to stakeholders in a way that is standardized, comparable and accessible regardless of region or regulatory requirements.
- As governments and regulators take steps to respond to climate change and related environmental challenges such as deforestation and water insecurity, environmental legislation is increasingly on the horizon in jurisdictions around the world.
- In the coming years, disclosure will be mandatory in most major economies. Companies responding to CDP are reporting in line with the TCFD recommendations. CDP translates TCFD recommendations into metrics enabling companies to report against these recommendations.
- CDP disclosure is fully TCFD-aligned. Companies that disclose through CDP are a step ahead, ready for mandatory TCFD-aligned reporting regulations. For example, the UK government announced it will make TCFD-aligned disclosure mandatory by 2025.
- From 2024, CDP will also incorporate the ISSB climate-related disclosure standard into its global environmental disclosure platform - reducing the disclosure burden on companies whilst boosting financing opportunities from investors that increasingly seek consistent climate-related information.

In 2022, CDP saw a 42% increase in disclosures compared to 2021. There are several reasons why the world's leading companies are rapidly seeing the benefit of disclosing through CDP.

Boost competitive advantage

- Environmental transparency correlates with financial success, with CDP Climate Change A List companies outperforming a reference index by 5.8% per year².
- 54% of organizations said disclosing through CDP helps "boost their competitive advantage".
- 95% of buyers responding to a CDP survey say they are using environmental metrics, including CDP data, within their procurement process – or plan to within two years.

2 Source: The STOXX Global Climate Change Leaders index – based on CDP's climate change 'A List'. Date range: December 2011 to December 2021.

Why disclose environmental data?

215

of the world's biggest companies identified potential financial impacts of climate risks totalling up to almost US\$1 trillion.

US\$2.1

 trillion

in potential climate-related opportunities identified by 225 companies.

Identify risks and opportunities

- ▼ Companies face material risks to their business from climate change, deforestation and water insecurity, from physical to regulatory to reputational risks.
- ▼ 220+ companies from the most commonly followed US stock market equity index S&P500 reported gains of realizing climate-related opportunities at up to US\$4.8 trillion.
- ▼ Measuring and reporting data each year improves awareness and ensures strategy is informed by relevant data. 71% of third-time or more CDP disclosers have climate risk management procedures in place.

Track and benchmark

- ▼ The disclosure and scoring process helps companies to set ambitious goals and measure their progress towards them, while also providing accountability and trust for stakeholders to track company progress.
- ▼ CDP's disclosure system allows companies to benchmark their environmental performance against their industry peers and receive feedback on their progress each year.
- ▼ 330+ major companies use CDP to track their suppliers' environmental performance, which contributes to their own Scope 3 emissions across the supply chain.



Aim for a position on CDP's A List of environmental leaders

Annual disclosure drives target setting.

57% of repeat respondents reported setting climate targets

compared with just 26% of companies responding for the first time.

CDP regularly evolves its disclosure system and questionnaires to ensure that we are collecting the data of tomorrow, helping companies, financial institutions, cities, states and regions to benchmark the transition to a 1.5°C, nature-positive economy.

CDP's annual A List names the world's businesses leading on environmental transparency and action. In 2022, we recognized over 330 global corporations as pioneers on climate change, deforestation and water security. CDP scores are the gold standard for environmental reporting - and the leading companies outperform the market.



CDP data allows us not only to compare companies' commitments and performance but to assess whether middle- and long-term strategies are credible.

Union Investment

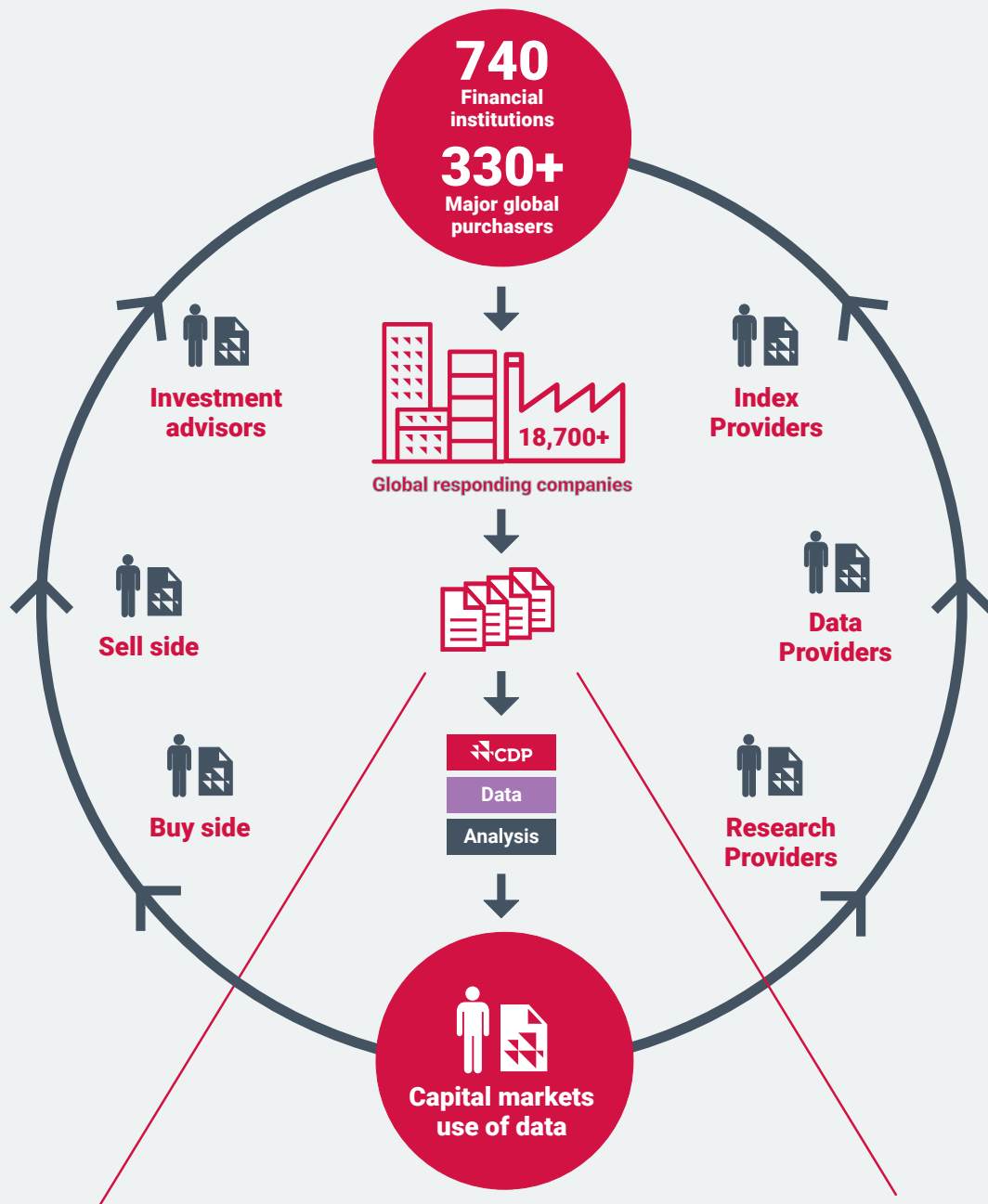


CDP provides us with a value-added proposition leveraging the largest independent database of primary carbon, water, deforestation company level data and climate change impact measurement.

BNP Paribas



How do financial markets use CDP data?



CDP data Users include:

- ▼ Bloomberg Terminal
- ▼ STOXX
- ▼ Trucost
- ▼ FTSE/Russell
- ▼ MSCI ESG
- ▼ ISS ISG
- ▼ Goldman Sachs
- ▼ Amundi

We power new financial products, data tools and research, including:

- ▼ STOXX Low Carbon Indices
- ▼ CPR Invest Climate Action fund
- ▼ Climetrics, the climate rating for funds
- ▼ Three Euronext CDP Environment indices using climate, forest and water scores for the first time
- ▼ Race to Zero's explorer tool
- ▼ Global Climate Action Portal

We help drive transformational initiatives, including:

- ▼ Climate Action 100+
- ▼ The Investor Agenda
- ▼ Science Based Targets initiative
- ▼ Carbon pricing toolkits
- ▼ RE100 initiative
- ▼ ACT initiative
- ▼ TCFD secretariat

Climate change

Drive climate action through disclosure

Improving corporate awareness through measurement and disclosure is essential to the effective management of GHG emissions and climate change risk. Corporate disclosure on climate change is an established business norm with over 18,700+ companies scored on their climate change disclosure in 2022. Disclosing climate data through CDP brings a range of benefits:

- ▶ CDP's Climate Change questionnaire is fully aligned with the TCFD recommendations, and from 2024 will also incorporate the ISSB's climate-related disclosure standard. Companies that disclose through CDP are a step ahead, ready for mandatory TCFD-aligned reporting regulations.
- ▶ Increased transparency to stakeholders including investors, customers, policymakers, regulators and the general public.
- ▶ Enhanced ability to identify potential financial impacts, associated costs, financial savings and new opportunities.
- ▶ Standardized framework facilitates consistency and comparability for financial institutions, and also allows organizations to gauge performance against peers.
- ▶ Better preparedness for the transition to the net-zero economy including emerging mandatory regulatory regimes worldwide.

Sample questions

Have you identified climate-related risks and opportunities substantial to your business?

What are your emission reduction targets and progress made against those?

CDP helps companies **publicly commit** to take **meaningful action** and set ambitious targets to tackle climate change and transition to the low-carbon economy through renewable energy use, science-based targets, carbon pricing and more.



The Science Based Targets initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Commit to adopt a science-based emissions reduction target to generate the innovations needed to transition to a low-carbon, sustainable economy.

RE100

RE100 is led by The Climate Group in partnership with CDP. Commit to using 100% renewable power.

TCFD

CDP's Climate Change questionnaire is aligned with the TCFD's recommendations, encouraging companies to report climate-related financial disclosures in line with the TCFD.

Forests

Demonstrating forest stewardship

Deforestation accounts for approximately 15% of the world's greenhouse gas emissions. Protecting and restoring forests and other natural ecosystems could provide up to 30% of the climate change mitigation needed to limit global warming to 1.5°C.

CDP holds the world's largest and most comprehensive dataset on corporate deforestation data. Over 1,000 companies disclosed on forest impact in 2022, a 30% increase on 2021.

- ▶ CDP's work on forests helps companies and their investors address their exposure to deforestation and seize opportunities from proactively taking deforestation. In 2021 companies disclosed over US\$79.2 billion of forest-related risks; the cost of responding to identified risks by 267 companies was US\$6.7 billion.
- ▶ Reporting through CDP's forests questionnaire is a simple way for companies to demonstrate transparency and share progress with their stakeholders through comprehensive, comparable and credible reporting.
- ▶ Companies can report on seven forest-risk commodities: palm oil, timber products, cattle products, soy, rubber, cocoa, and coffee. The first four are scored. Since 2019, metals & mining and coal companies can also report biodiversity information through CDP.
- ▶ CDP's forests questionnaire is aligned with the [Accountability Framework](#), helping companies to meet the expectations of their buyers, investors, and other stakeholders and as the recognition of the importance of biodiversity grows those that have been disclosing on forests have a headstart in managing risks associated with biodiversity loss.

Sample questions

Did you have any active timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodities?

For your disclosed commodities, do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?



Soy



Palm oil



Timber



Beef



Rubber



Cocoa



Coffee

In 2021, primary rainforests lost the equivalent size of 10 football pitches every minute.

Water security

Reducing water risk

With increasing water stress, pressure is growing for companies to build long-term resilience to water challenges into their businesses. CDP's work to tackle issues of water security is centered on a request for companies to disclose business-critical, water-related information to inform their decision-making processes and drive effective action.

3,909 companies disclosed water-related data through CDP in 2022, a 16% increase from 2021.

- Companies reported potential financial impacts of US\$392 billion from water risks through CDP in 2022. Meanwhile, global brands report water-related opportunities worth US\$436 billion. Companies need to disclose on all relevant environmental themes to be competitive and resilient in the changing market.
- Disclosure through CDP increases the transparency of water security and pollution reduction measures to shareholders and customers.
- By completing CDP's annual Water Security questionnaire, companies can better understand water risks and opportunities, facilitating informed decision-making and improving long-term resilience.
- Disclosure helps accelerate the development of standard water impact metrics and performance benchmarks.
- CDP water data is the only global collection of primary corporate water data and is used throughout the investor marketplace, feeding into sustainability rankings and tools including MSCI and S&P Global/Trucost. It therefore informs investment decisions in financial markets across the globe.

Sample questions

Describe your company's water policy, strategy or management plan.

Has your organization experienced any detrimental water-related impacts?

40% shortfall in available global water supply expected by 2030, according to the UN.

Plastics

Ending the plastic pollution problem

Plastic pollution is detrimental to our ecosystems, economies and communities and its escalation poses significant physical, financial, legal and reputational risks to companies and investors. For the first time, in 2023 companies can disclose on plastics through CDP's water security questionnaire.

- As regulation is implemented in many countries, companies face US\$100 billion annual financial risk³ if governments require them to cover waste management costs at expected volumes and recyclability.
- Investor pressure on plastic pollution is also mounting. For example, As You Sow has launched the Plastic Solutions Investor Alliance, a coalition of investors worth \$1 trillion of assets, that will engage publicly traded consumer goods companies on plastic waste and pollution. Failing to act on plastic pollution will cost companies investment opportunities in the near-term future.
- The linear 'take-make-waste' model of plastic use means that billions of dollars of economic value are 'thrown away' after a single, short use. US\$80-120 billion is lost following a short one-use cycle, which equates to 95% of aggregate plastic packaging value. Meanwhile, converting just 20% of plastic packaging into reuse models is a US\$10 billion business opportunity that benefits customers.
- CDP's plastics questions help companies to understand the financial, commercial, legal, and reputational impacts and opportunities they face.
- CDP's plastics questions build on existing frameworks including The Ellen MacArthur Foundation and UNEP's Global Commitment framework, and best practice, translating them into a standardized annual format to facilitate disclosure and action at scale.

Sample questions

Do you have plastics-related targets, and if so what type?

Indicate the circularity potential of the plastic packaging you sold and/or used.

US\$20 billion in estimated near-term risk exposure for corporations (2022-30)⁴.

³ https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf

⁴ <https://www.minderoo.org/plastic-waste-makers-index/about/>

Nature

Reporting 'beyond climate'

Reporting to CDP on all three of its questionnaires - climate, water and forests - will help companies to scale up action to protect and restore nature loss and biodiversity.

- ▼ We are losing nature faster than at any other point in human history. WEF's Global Risks Report identify Biodiversity and Ecosystem Collapse as the 3rd most severe global risk.
- ▼ Losses to biodiversity, ecosystems and ecosystem services represent huge financial risks, with the WEF estimating that \$44 trillion of business value is highly or moderately dependent on ecosystem services.
- ▼ Recognition of the risk to businesses due to biodiversity loss is lagging far behind climate change, but companies are showing growing awareness of the potential risks.
- ▼ Nature-related disclosure (requested by CDP or otherwise) is coming through Science Based Targets for Nature (SBTN).
- ▼ It is easier than ever to assess and respond to wider nature risks, thanks to frameworks such as TNFD and SBTN.

The Science-Based Targets for Nature initiative (SBTN) define science-based targets as measurable, actionable, and time-bound objectives, based on the best available science, that allow actors to align with Earth's limits and societal sustainability goals.

CDP is proud to be supporting the Taskforce on Nature-related Financial Disclosures (TNFD) as a Knowledge Partner, putting our wealth of insights, data and expertise at its disposal. CDP is already playing an active role in using its data to inform TNFD development.

\$4 - 5 trillion by 2030

There are huge opportunities for companies repositioning for a net-zero, nature-positive economy. For example, McKinsey predicts⁵ that in Asia the market for green businesses is expected to reach between \$4 trillion and \$5 trillion by 2030.

⁵ <https://www.mckinsey.com/featured-insights/future-of-asia/green-growth-capturing-asias-5-trillion-green-business-opportunity>



How CDP supports disclosing companies

CDP offers a range of support to disclosing companies, from advice on reporting to guidance on managing risk and developing environmental leadership. CDP Reporter Services, our Accredited Solutions Providers and our Supply Chain programme provide unrivalled support to companies on their environmental disclosure journeys.

CDP's Reporter Services Program

CDP Reporter Services helps members build expertise in climate, water, and forests management by developing a stronger understanding of reporting requirements in order to increase the accuracy and detail of environmental disclosure and accelerate their journeys towards environmental leadership.

Through one-on-one disclosure account management, benchmarking analyses, strategic data insights, and thought-leadership webinars, Reporter Services supports companies in improving the quality of their CDP disclosure and in strengthening their sustainability strategies.

cdp.net/en/companies/reporter-services

CDP's Accredited Solutions Provider Program

CDP accredits leading environmental service providers around the world to help disclosing organizations find high-quality support along their climate transitions. ASPs support organizations working with CDP to improve their disclosure and take vital action towards a sustainable economy.

From science-based targets and renewable energy solutions to software platforms and verification bodies, our accredited providers offer a huge range of expertise and services to help implement your environmental strategy from start to finish.

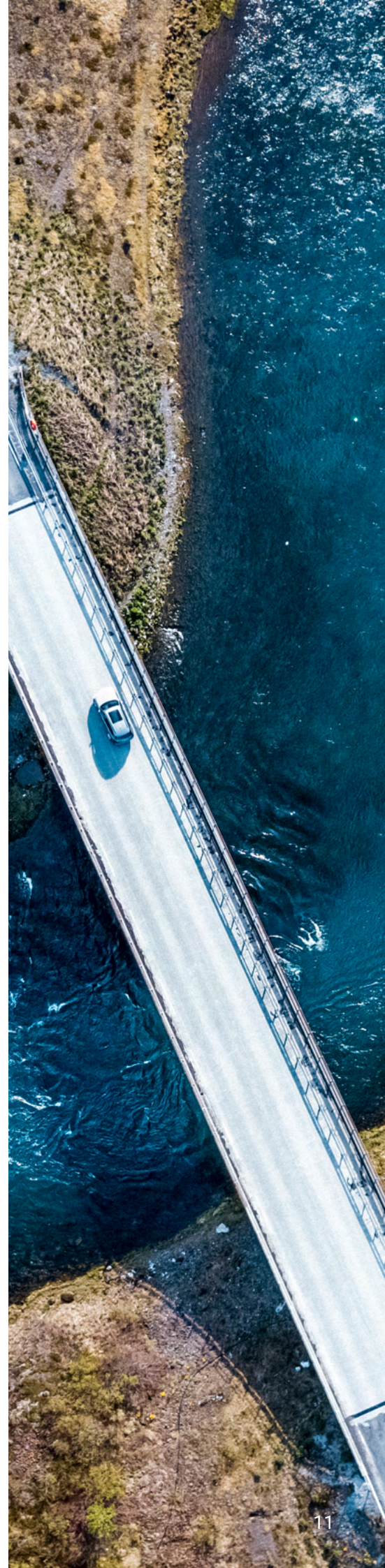
cdp.net/en/info/accredited-solutions-providers

CDP's Supply Chain Program

The CDP Supply Chain Program empowers large purchasing organizations to drive environmental action at scale. The program provides members with bespoke account management, actionable data insights (including an inventory of Scope 3 emissions), promotional opportunities, and tailored webinars designed to support their suppliers with disclosure.

Supply Chain membership helps companies identify risks and opportunities across their value chains relating to climate change, water insecurity and deforestation. This valuable Scope 3 data can then be leveraged to track progress, inform procurement decisions, and build resilience.

cdp.net/en/supply-chain





Media

CDP's work is regularly featured in global publications such as:

- ▼ The Financial Times
- ▼ The Economist
- ▼ Washington Post
- ▼ Wall Street Journal
- ▼ New York Times
- ▼ Bloomberg
- ▼ Reuters



Landmark recent reports

Global Supply Chain Report 2022:

[Scoping Out: Tracking Nature Across the Supply Chain](#)

Global Water Report 2022:

[Riding the Wave: How the private sector is seizing opportunities to accelerate progress on water security](#)

Are Companies Developing Credible Climate Transition Plans?

[Disclosure to key climate transition-focused indicators in CDP's 2022 Climate Change Questionnaire](#)

Global Forests Report 2021:

[From commitments to action at scale: critical steps to achieve deforestation-free supply chains](#)

About CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 740 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Nearly 20,000 organizations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

Visit cdp.net or follow us @CDP to find out more.

Contact

Visit the CDP Help Center to get support from CDP.

Find answers in our Knowledge Base or sign in to your account to contact our support team.

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