FDF CDP Webinar

28th March 2023

global **environmental** and **advisory** solutions

SLR

AGENDA

- What is CDP?
- Climate Change (and the Biodiversity module)
- Water Security (and the Plastics module)
- Forests
- CDP Scoring methodology
- Closing information

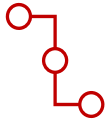
WHAT IS CDP?

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2022 BY THE NUMBERS

680+ financial institutions with US$130 trillion in assets



280+ supply chain members with combined purchasing power of US$6.4 trillion

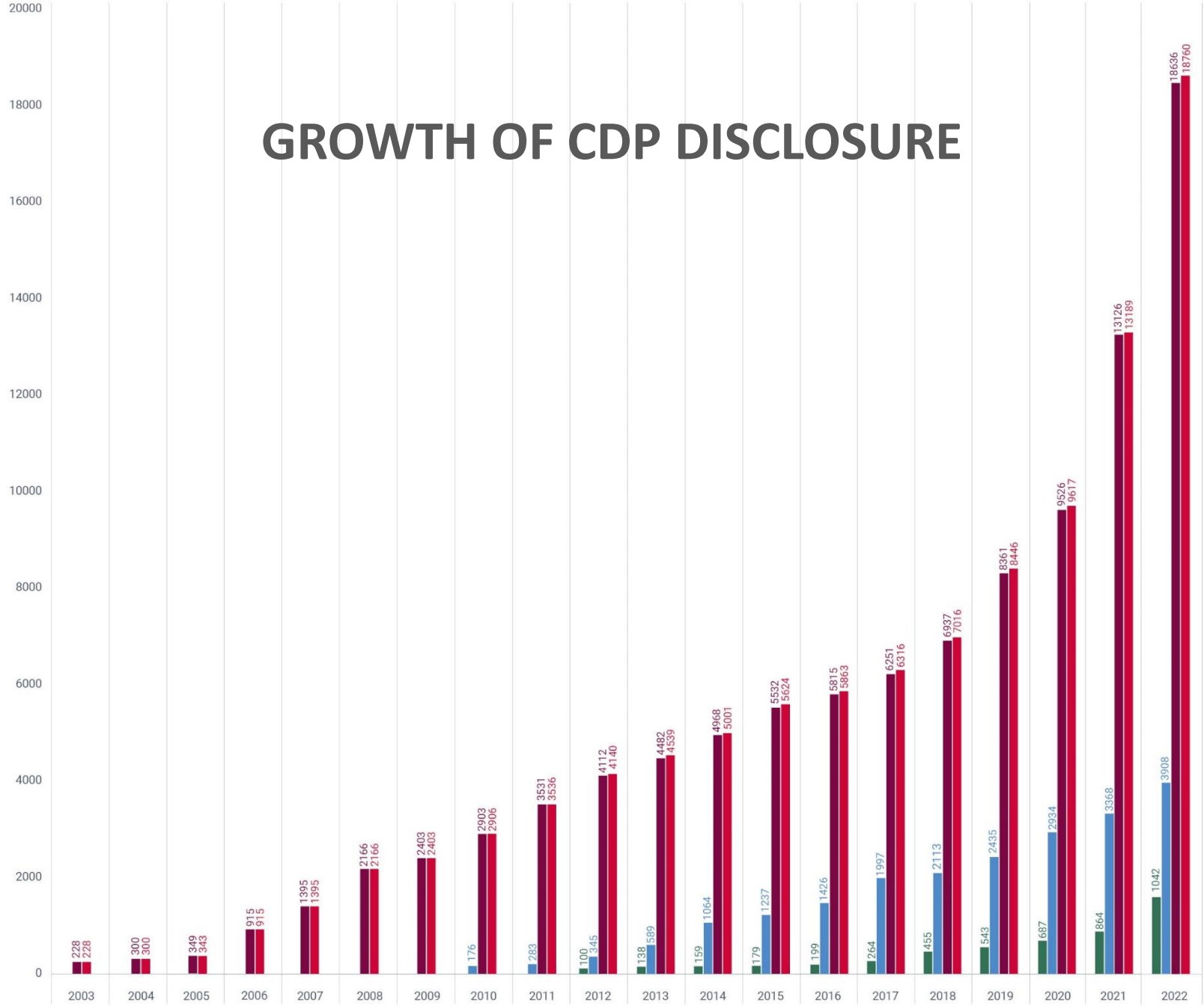
18,700+ companies disclosed in 2022

1,100+ cities, states and regions in 2021

This years deadline for questionnaire submissions is 26th July 2023.

The CDP portal expected to open w/c 17th April 2023

GROWTH OF CDP DISCLOSURE



BENEFITS OF DISCLOSURE

- **Protect and improve your company's reputation** – build trust through transparency and respond to rising environmental concern among the public
- **Boost your competitive advantage** – gain a competitive edge when it comes to performance on the stock market, access to capital and winning tenders
- **Track and benchmark progress** - benchmark your environmental performance against your industry peers, with an internationally recognized sustainability score and feedback on your progress each year
- **Uncover risks and opportunities** – identify emerging environmental risks and opportunities that would otherwise be overlooked, to inform data-driven strategy
- **Get ahead of regulation** – in a world in which mandatory disclosure is gaining momentum, CDP can help you meet reporting rules in multiple regions. With CDP, you'll be fully aligned with the best-practice TCFD recommendations.

86%

of companies responding to a 2021 CDP post-disclosure survey agreed that "protecting and improving the reputation of my organization" is an important benefit of disclosing through CDP.

76%

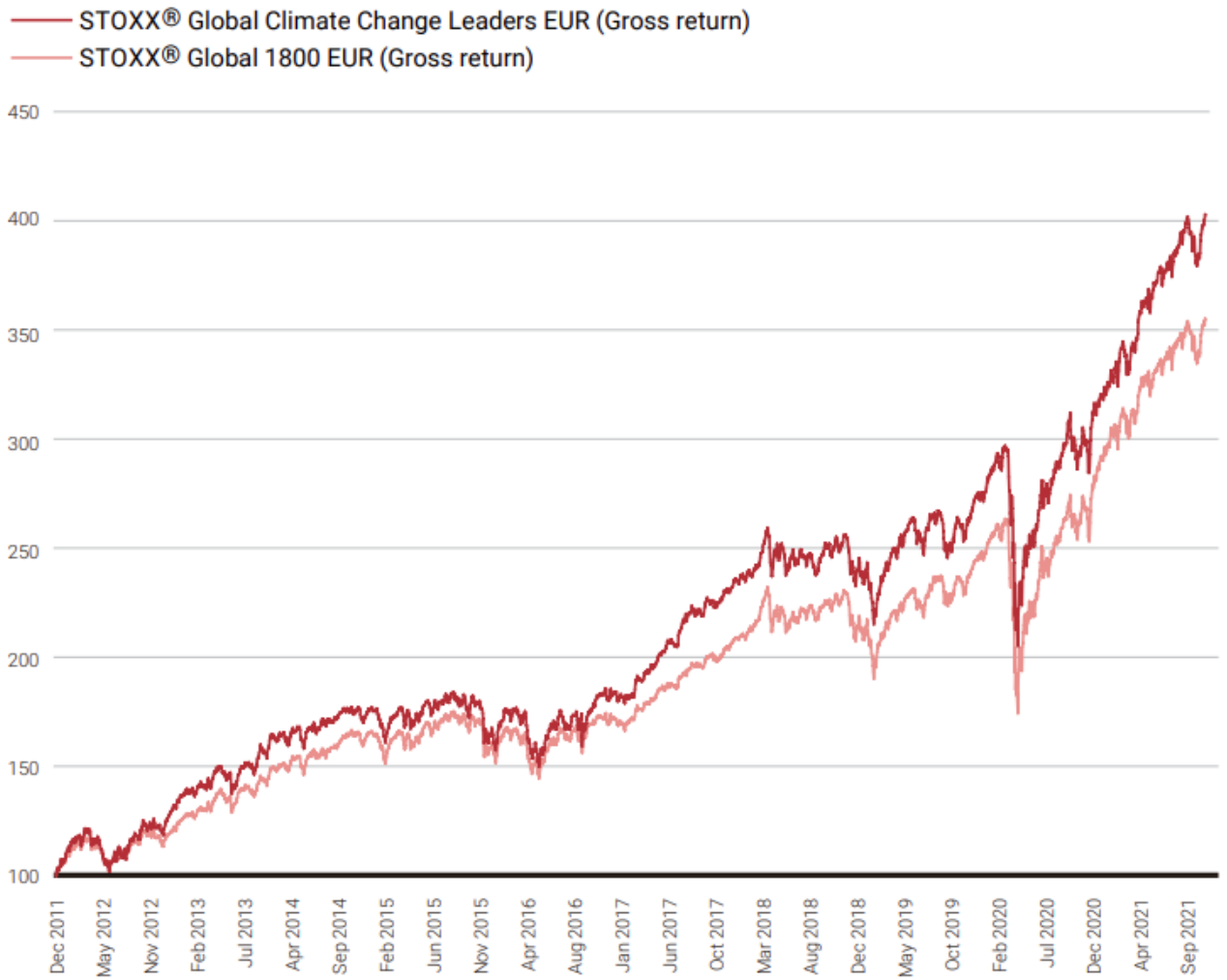
of organizations said disclosing through CDP helps "boost their competitive advantage".

5.8%

per annum outperformance over since 2011.

STOXX® Global Climate Change Leaders index.

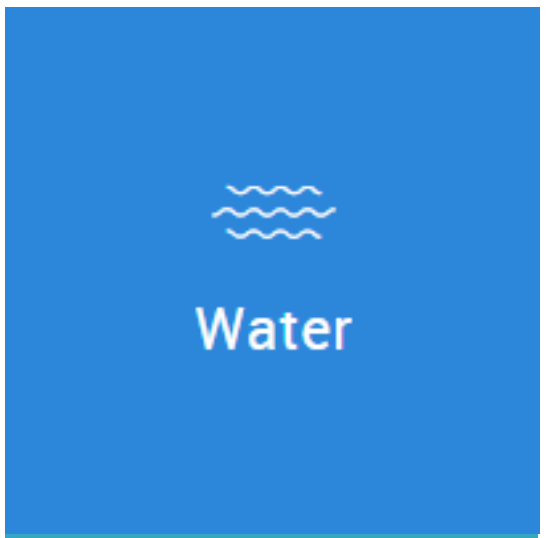
From December 19, 2011 to December 31, 2021, the STOXX® Global Climate Change Leaders index outperformed the STOXX® Global 1800 index by 5.8% per annum



CDP INVESTOR/CUSTOMER LED QUESTIONNAIRES

Climate Change

- How well are climate-issues integrated into business strategy, financial planning and risk management processes?
- Energy/emissions transparency



Water Security

- Water availability, dependency, water quality and water pollution
- Does the company operate or source products from areas of water stress? [or potential stress]

Deforestation

- Focuses on the four key commodities that drive deforestation and ecosystem conversion
- Timber, Cattle Products, Soy, Palm Oil (one score for each

Separate module in all three questionnaires

- Collaborative action with supply chain and customers
- Shared data and accountability
- Not scored

CDP SECTOR SPECIFIC QUESTIONNAIRES

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

CDP's food, beverage, and tobacco questions focus on the following topics:

- Land management practices with climate change mitigation/adaptation benefits;
- Biogenic carbon pertaining to direct operations;
- Commodity-specific emissions intensity data related to the activities performed by your organisation; and
- Scope 1 and Scope 3 emissions breakdowns by relevant business activity.

Questionnaire Structures

- Climate Change
- Forests
- Water

CDP CLIMATE CHANGE QUESTIONNAIRE STRUCTURE

- C0 Introduction
- C1 Governance
- C2 Risks and opportunities
- C3 Business strategy
- C4 Targets and performance
- C5 Emissions methodology
- C6 Emissions data
- C7 Emissions breakdown
- C8 Energy
- C9 Additional metrics
- C10 Verification
- C11 Carbon pricing
- C12 Engagement
- C15 Biodiversity
- C16 Signoff

CDP's Climate change questionnaire focuses on how organisations **manage** and **mitigate** aspects of climate change.

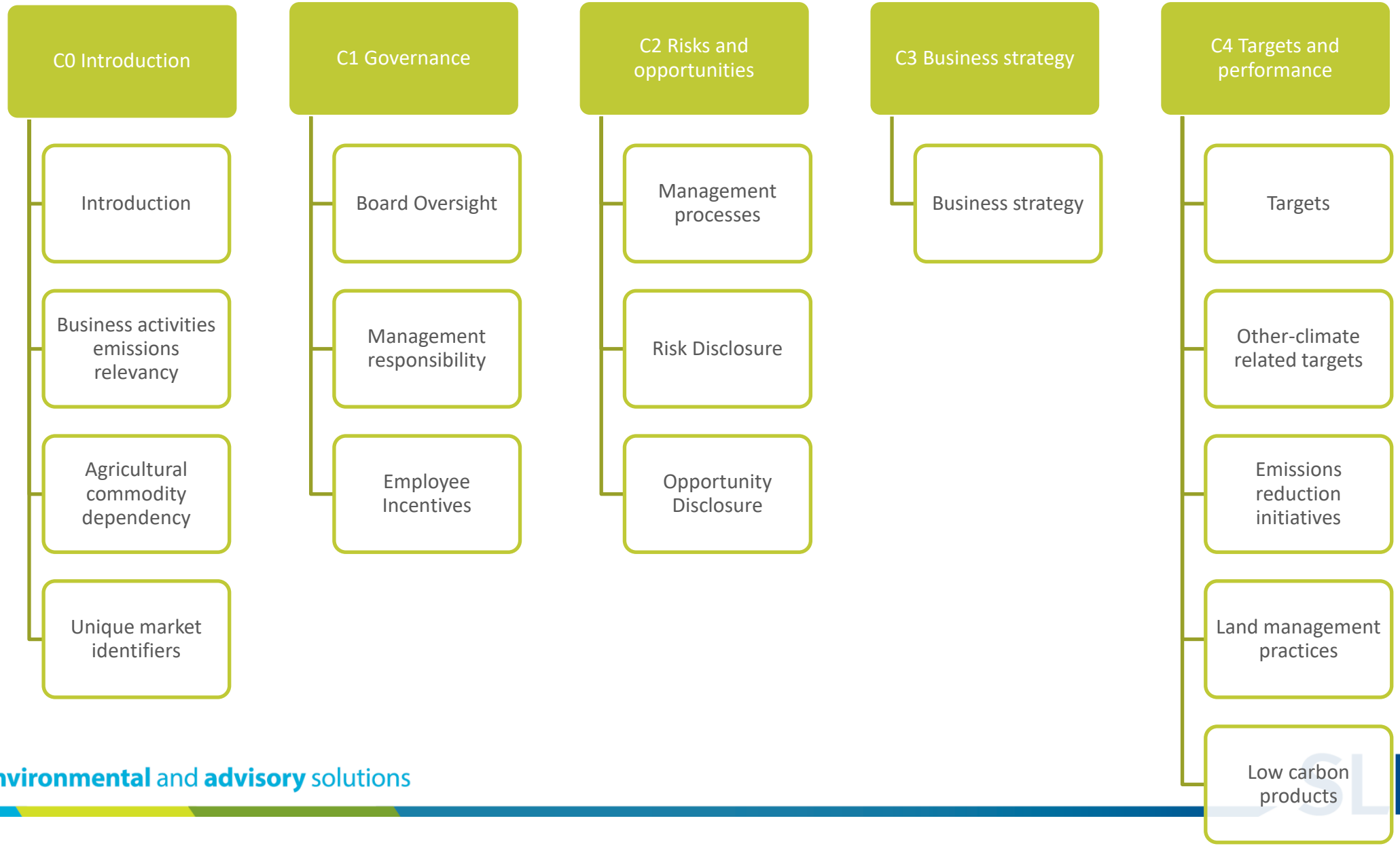
The onus is on **good reporting** and **governance**. Being able to demonstrate a robust management system as well as **risk** and **opportunity** assessment & response.

The questionnaire is also designed to allow clients and prospective investors evaluate the climate change credentials of a given organisation, e.g:

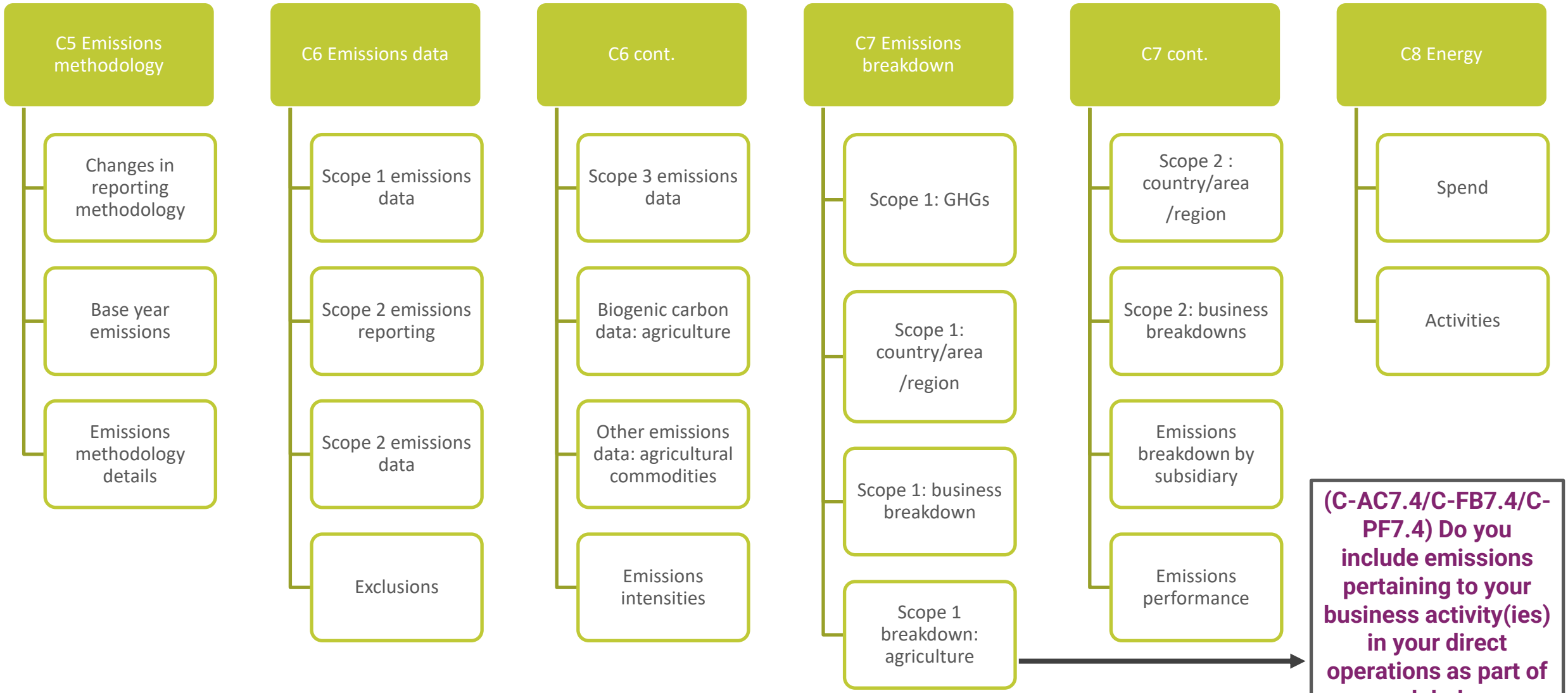
- Do they produce low-carbon products?
- Are they adapting to the business challenges presented by climate change?
- What are my supplier-specific emissions?

Activities in the food, beverage, and tobacco sector include the processing (including packaging), manufacturing and trade of food, drinks and tobacco consumer goods. Organizations in this sector may also produce their own raw materials, or source them from the agricultural commodities sector.

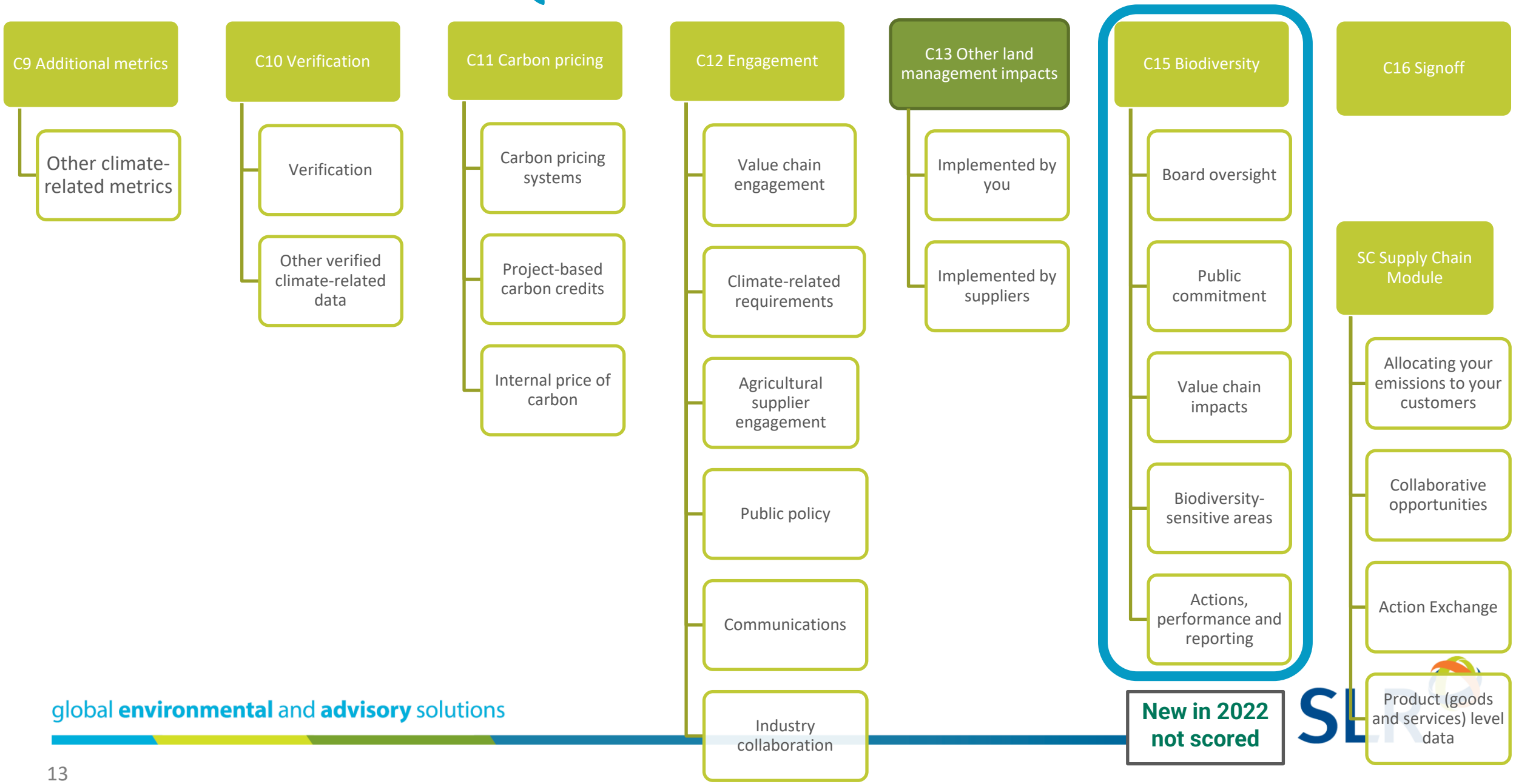
CDP CLIMATE CHANGE QUESTIONNAIRE STRUCTURE



CDP CLIMATE CHANGE QUESTIONNAIRE STRUCTURE



CDP CLIMATE CHANGE QUESTIONNAIRE STRUCTURE



CDP CLIMATE CHANGE BIODIVERSITY

What?

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related matters within your organization

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?

(C15.4a) Provide details of your organization's activities in the reporting year located in or near to biodiversity -sensitive areas.

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Why?

Climate change is intrinsically linked to biodiversity.

"Biodiversity loss, caused by deforestation, intensive agriculture, and mismanaged urban growth and hastened by climate change, was one of the contributing factors that created the conditions for the COVID-19 pandemic, and triggered dire warnings of more to come." – CDP 2022

How?

- Most responses are drop-downs (the best answer is usually obvious)
- Free text field - Description of oversight and objectives relating to biodiversity
- None of it is scored

CDP WATER QUESTIONNAIRE STRUCTURE

- W0 Introduction
- W1 Current state
- W2 Business impacts
- W3 Procedures
- W4 Risks and opportunities
- W5 Facility-level accounting
- W6 Governance
- W7 Business strategy
- W8 Targets
- W9 Verification
- W10 Plastics
- W11 Signoff

The CDP Water Questionnaire is based on the principles of the UN's 'CEO Water Mandate' and the 'Corporate Water Disclosure Guidelines 2014' and is aligned with other organisations including the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the World Resources Institute.

The CDP water security food, beverage & tobacco sector specific questions are targeted at organizations with processing and manufacturing activities, but it also requests information related to any agricultural production activities engaged in directly or within their supply chain.

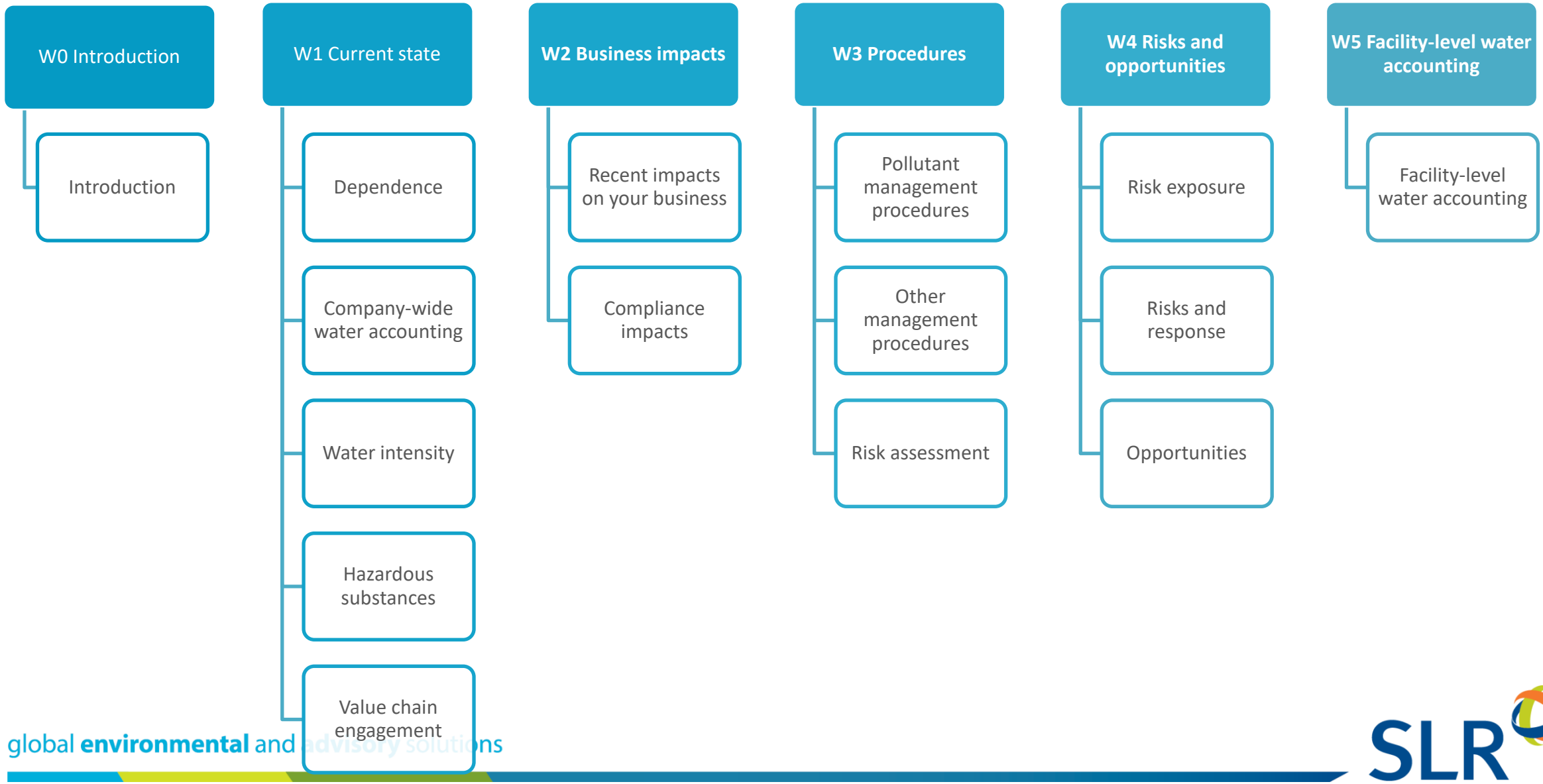
There is a full questionnaire & a minimum questionnaire. The food, beverage & tobacco sector-specific topics include:

- Production or sourcing of agricultural products in areas of water stress; and
- Water intensity of produced or sourced agricultural products.

In essence:

- ***Where?*** *is water used in operations or in supplier operations*
- ***Why?*** *is water used*
- ***When?*** *could there be issues around use in the future*
- ***What?*** *do you use, i.e. volumes in and out*
- ***How?*** *is the business managing water use/waste and direct/indirect impacts (including targets), and collaborating*
- ***Who?*** *is responsible for managing water issues*

CDP WATER QUESTIONNAIRE STRUCTURE



CDP WATER QUESTIONNAIRE STRUCTURE

New Module – not scored

- **W6 Governance**
  - Water policy
  - Board oversight
  - Management responsibility
  - Employee incentives
  - Public policy engagement
  - Reporting
- **W7 Business strategy**
  - Strategic plan
  - CAPEX/OPEX
  - Scenario analysis
  - Water pricing
  - Products and services
- **W8 Targets**
  - Water-related targets
- **W9 Verification**
  - Verification of water information
- **SW Supply chain**
  - Supply chain introduction
  - Facility details
  - Collaborative opportunities
  - Water intensity (SW)
- **W10 Plastics pt.1**
  - Mapping plastics
  - Potential impacts
  - Risks to the business
  - Targets
- **W10 Plastics pt.2**
  - Activities
  - Metrics for production of plastic polymers
  - Metrics for durable goods/ components
  - Metrics for plastic packaging
- **W11 Signoff**
  - Further information
  - Signoff

CDP WATER PLASTICS

What?

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

(W10.4) Do you have plastics-related targets, and if so what type?

(W10.5) Indicate whether your organization engages in the following activities.

(W10.6) Provide the total weight of plastic polymers sold and indicate the raw material content.

(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

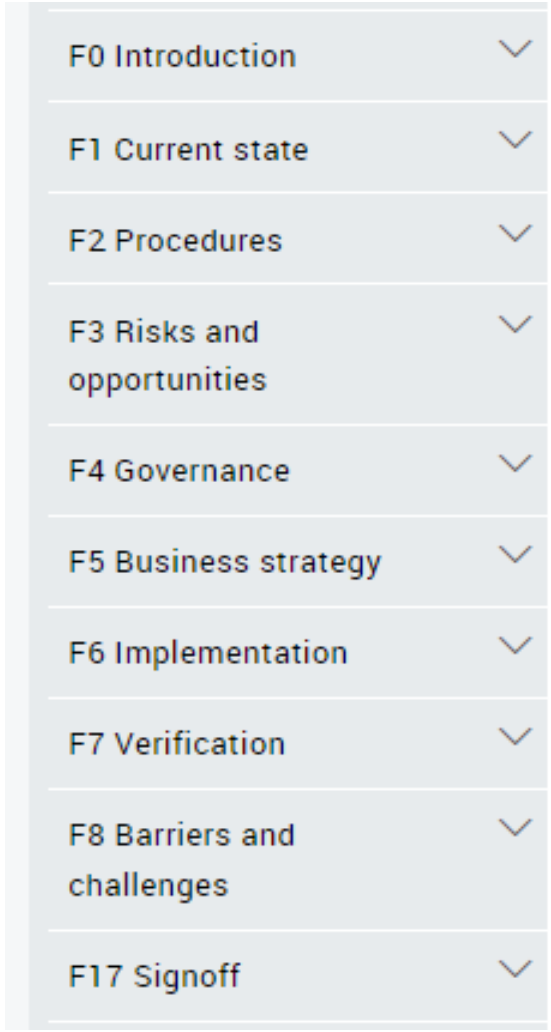
Why?

"Plastic pollution is detrimental to our ecosystems, economies and communities. To be able to act effectively, companies must first develop a robust understanding of how they contribute to the plastic pollution crisis and the financial, commercial, legal, and reputational impacts, opportunities and risks they face as a result. Plastic-related disclosure at scale will be the foundation of transformative action." – CDP 2022

How?

- Most responses are drop-downs (the best answer is usually obvious)
- Free text field – commentary on plastic related activities (e.g. plastic production)
- None of it is scored

CDP FORESTS QUESTIONNAIRE STRUCTURE



CDP's forests questionnaire focuses on how organisations **produce**, **source** and **use** four key forest risk commodities:

- **Timber**
- **Cattle products**
- **Soy**
- **Palm oil**

and is based on the principles of the Accountability Framework Initiative.

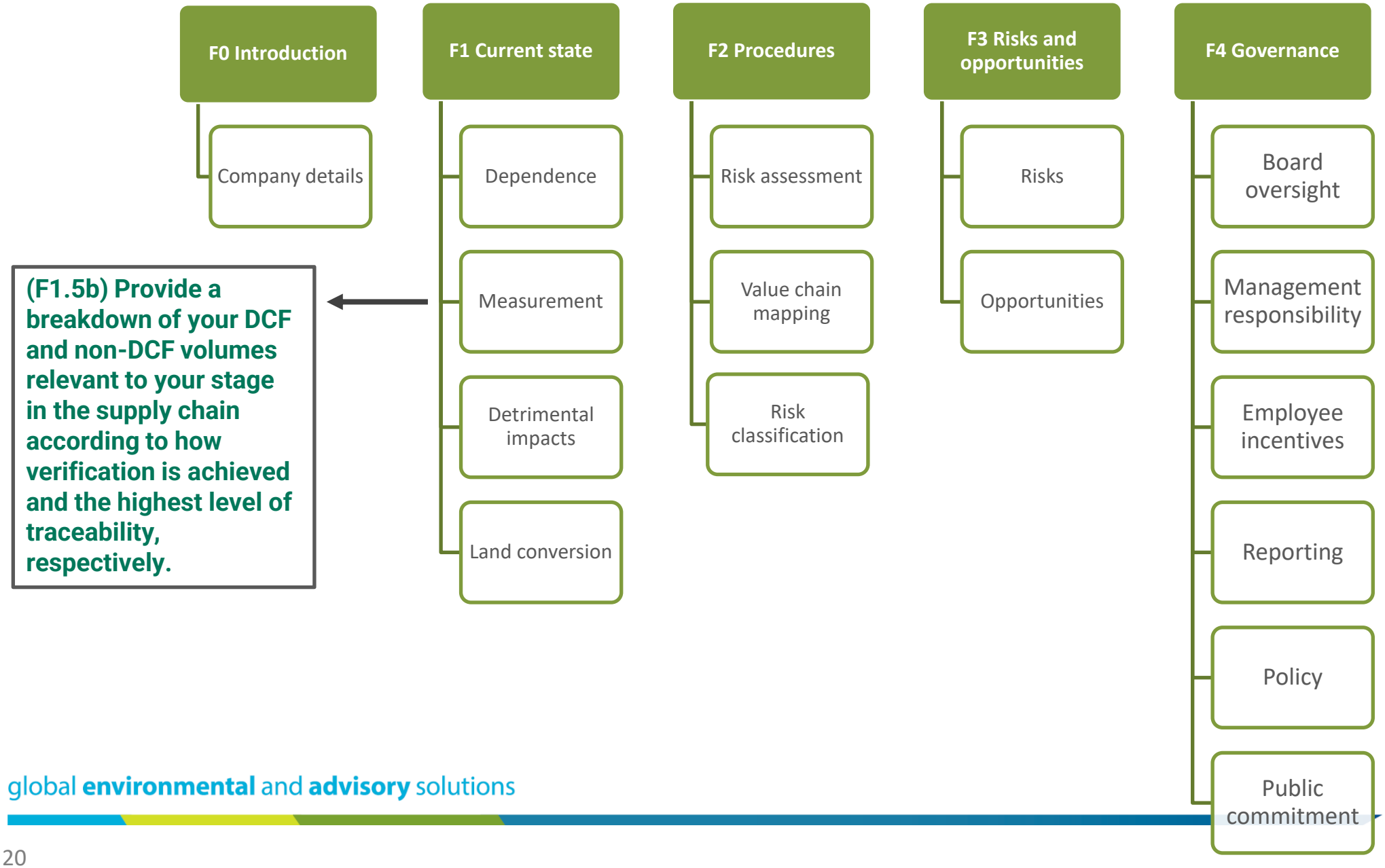
Other commodities are disclosable:

- **Rubber**
- **Cocoa**
- **Coffee**

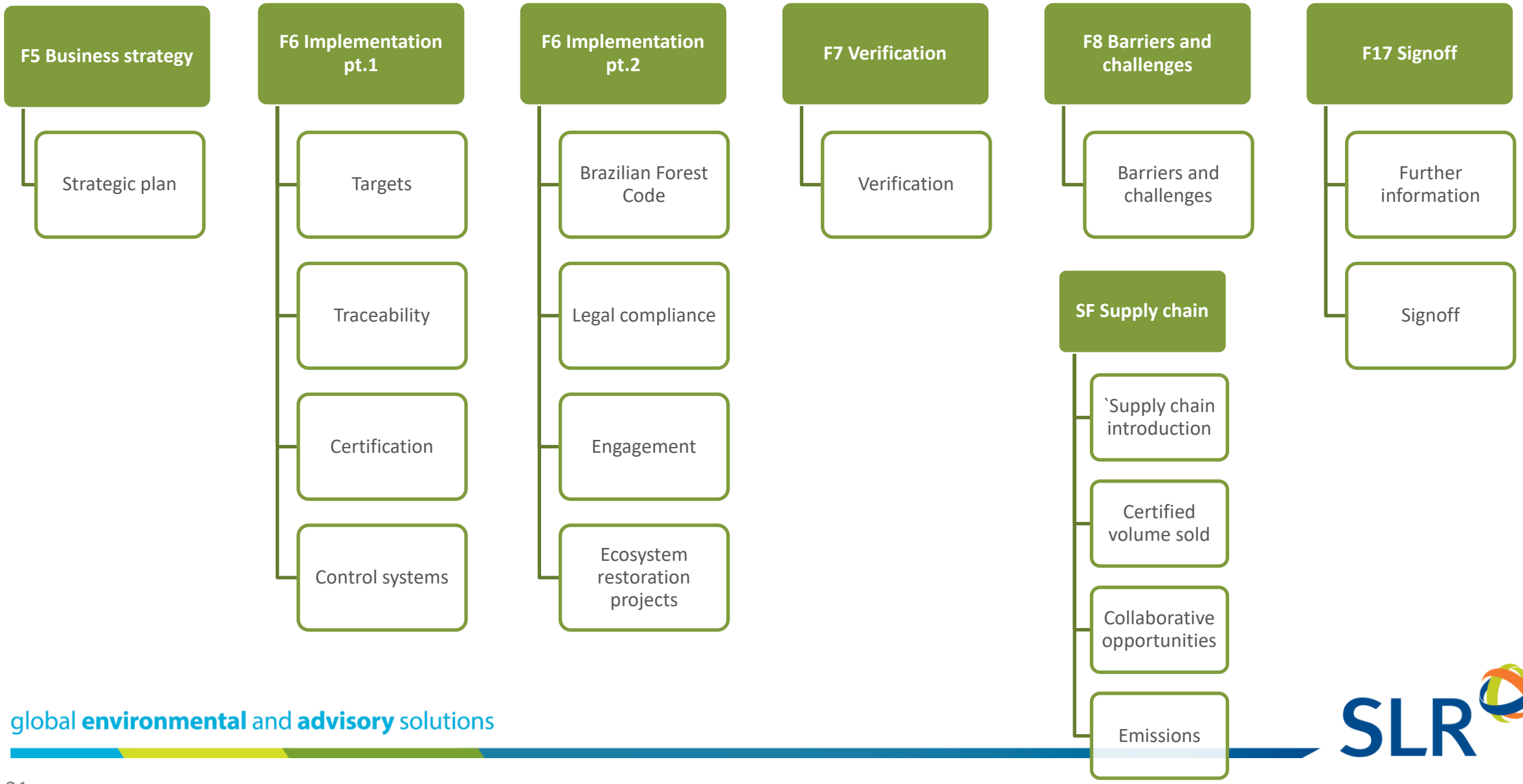
however they are not scored.

There is a full questionnaire and a minimum questionnaire. Sector specific questions for **Coal**, **Metals & mining**, and **Paper & forestry** only.

CDP FORESTS QUESTIONNAIRE STRUCTURE



CDP FORESTS QUESTIONNAIRE STRUCTURE



Overview of Scoring Methodology

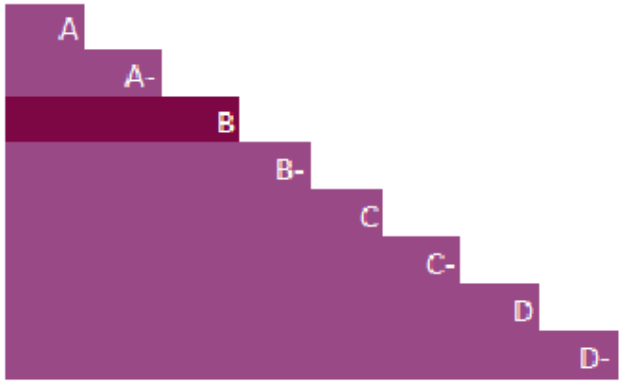
CDP SCORING EXAMPLE

Response	Year	Response type	Status	Score
Climate Change 2021	2021	Public	Submitted	B A
Forests 2021	2021	Public	Submitted	C C C C
Water Security 2021	2021	Public	Submitted	B
Climate Change 2020	2020	Public	Submitted	C B
Climate Change 2019	2019	Public	Submitted	C C-
Climate Change 2018	2018	Public	Submitted	D D-
Climate Change 2017	2017	Public	Submitted	D

'Supplier Engagement Rating' – based on specific sub-sections of the main questionnaire (engagement, governance, targets, scope 3)

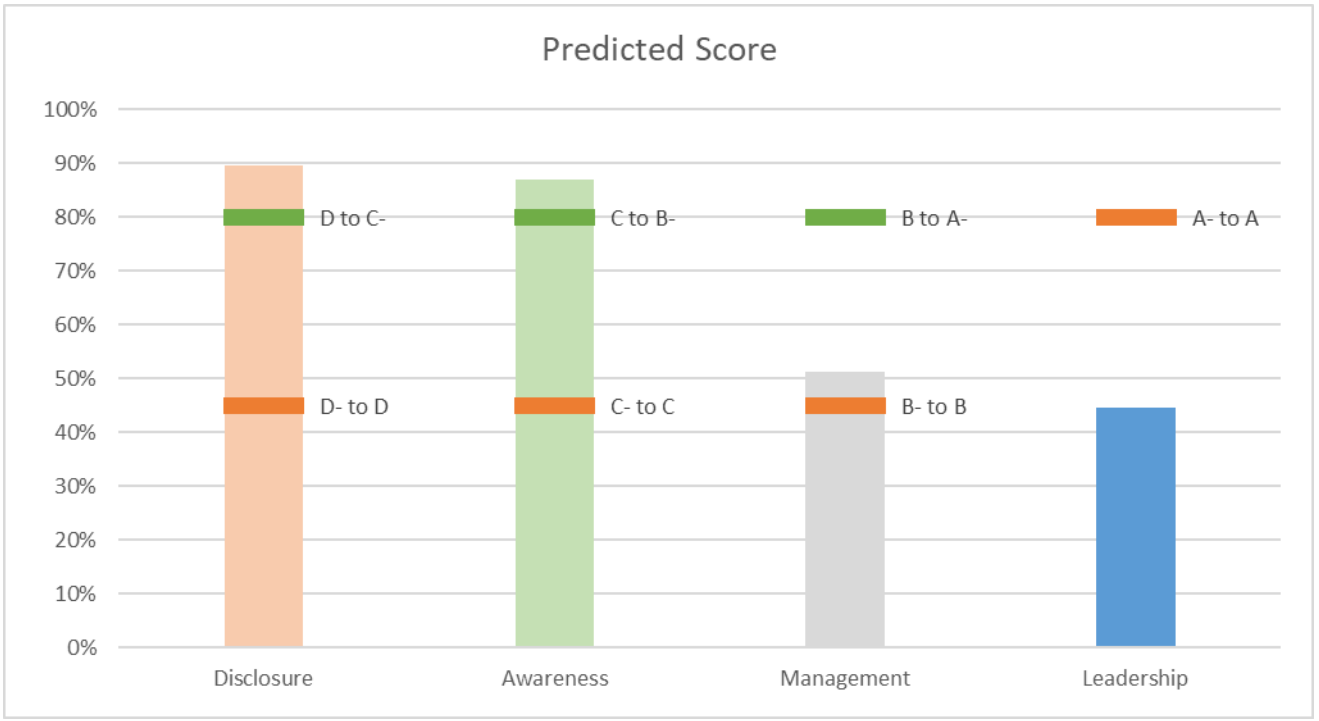
Not to be confused with the 'supply chain module' – which isn't scored

SCORING METHODOLOGY



Leadership (A/A-): *Implementing current best practices*
Management (B/B-): *Taking coordinated action on climate issues*
Awareness (C/C-): *Knowledge of impacts on, and of, climate issues*
Disclosure (D/D-): *Transparent about climate issues*

Level	Climate Change	Score band
Disclosure	0-44%	D-
	45-79%	D
Awareness	0-44%	C-
	45-79%	C
Management	0-44%	B-
	45-79%	B
Leadership	0-44%	A-
	80-100%	A

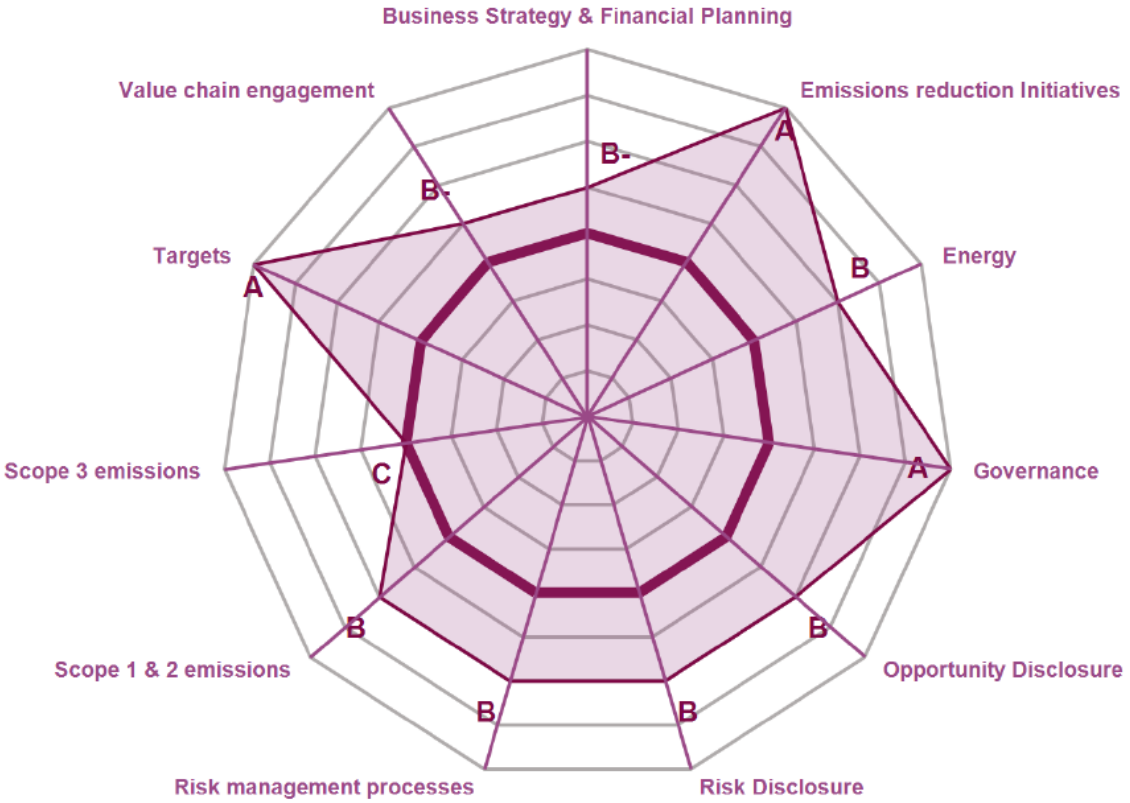


CDP operates a tiered scoring system assessing **Disclosure, Awareness, Management** & **Leadership.**

In order to be assessed at each stage a company must pass an 80% threshold in the previous stage. This means focusing on the higher tiers (i.e. Leadership) before ensuring they have demonstrated sufficient levels in the lower tiers is wasted effort.

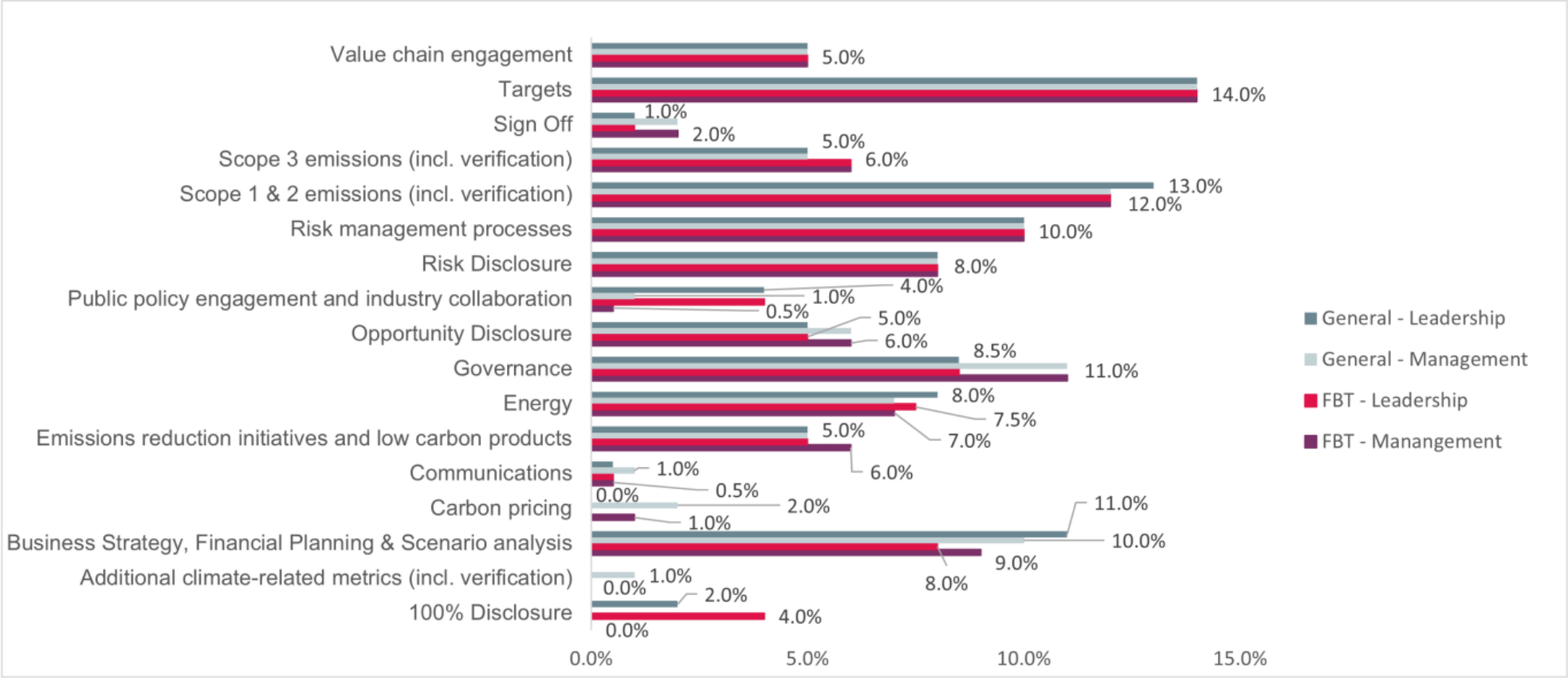
SCORING EXAMPLE FEEDBACK

CATEGORY SCORES



SCORING METHODOLOGY

Scoring categories and weightings: Food, Beverage & Tobacco Climate Change Methodology



The bar chart above shows the % weighting applied to each of the scoring categories at Management and Leadership levels for the general climate change 2023 scoring methodology

SCORING METHODOLOGY

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	238	9,643
To be implemented*	172	4,422,855
Implementation commenced*	67	13,928
Implemented*	275	22,744
Not to be implemented	19	470

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category	Initiative type	Estimated annual CO_2e savings (metric tons CO_2e)	Scope(s) or Scope 3 category(ies) where emissions savings occur	Voluntary/ Mandatory	Annual monetary savings (unit currency – as specified in C0.4)	Investment required (unit currency – as specified in C0.4)	Payback period	Estimated lifetime of the initiative	Comment

SCORING METHODOLOGY

Disclosure scoring criteria

Points will be awarded per completed cell in proportion to the number of rows disclosed. Partially completed rows will not receive full points

A maximum of 9 points is available for this question

Awareness scoring criteria

At least 6 Disclosure points must be awarded to be eligible for Awareness points

i) Points will be awarded per completed row in proportion to the number of rows disclosed excluding the following columns:
- 'Annual monetary savings (unit currency – as specified in C0.4)'
- 'Investment required (unit currency, as specified in CC0.4)'
- 'Payback period'

A maximum of 3 points is available for this criterion

If criterion (i) is awarded additional points will be awarded for the following:

ii) Sum of figures provided in column 'Estimated annual CO2e savings (metric tons CO2e)' is within 5% variance of the figure provided in column 'Total estimated annual CO2e savings...' in row 'Implemented' in question C4.3a - 3 points

SCORING METHODOLOGY

Management scoring criteria

Full Awareness points must be awarded to be eligible for Management points

Both of the following met - 1 point

All of the following columns completed for all reported rows*
- 'Annual monetary savings...'
- 'Investment required...'
- 'Payback period'

AND

Any of the following selected in column 'Scope(s) or Scope 3 category(ies) where emissions savings occur'
- 'Scope 1'
- 'Scope 2 (location-based)'
- 'Scope 2 (market-based)'

*Please note: Column 'Payback period' can only have 'No payback' selected if column 'Investment required (unit currency – as specified in C0.4)' OR column 'Annual monetary savings (unit currency – as specified in C0.4)' have been completed with a value of '0'

Leadership scoring criteria

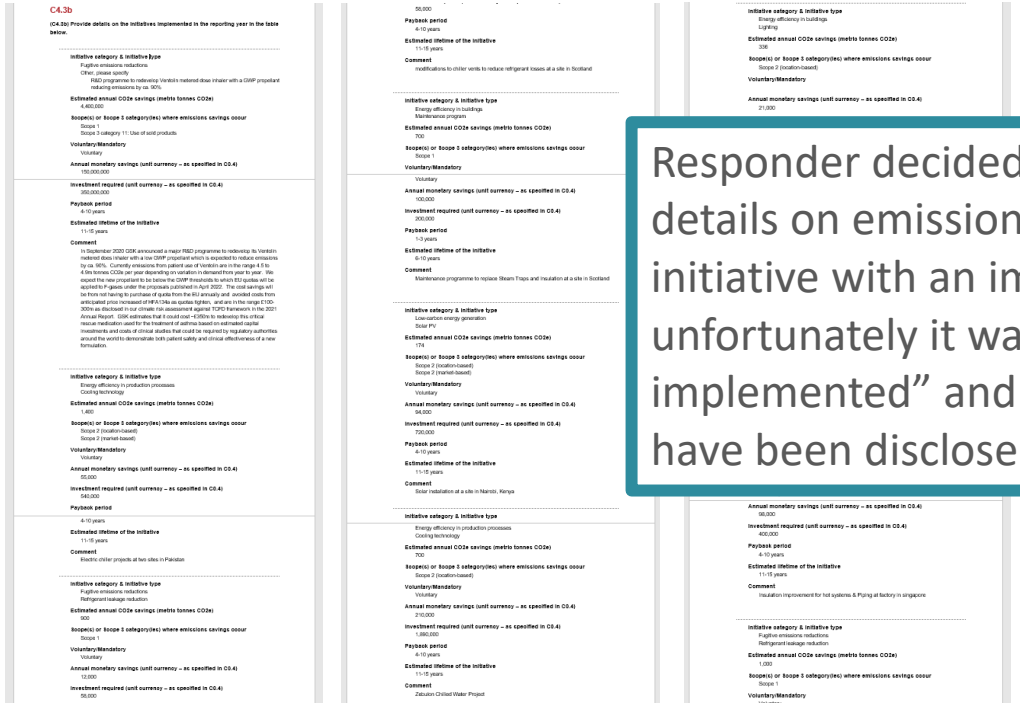
Not scored

Disclosure numerator	Disclosure denominator	Awareness numerator	Awareness denominator	Management numerator	Management denominator	Leadership numerator	Leadership denominator
9	9	6	6	2	2	0	0

SCORING METHODOLOGY

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.



Responder decided to include details on emissions reduction initiative with an impressive impact, unfortunately it was “to be implemented” and so should not have been disclosed here.

Implemented*	275	22,744

Initiative category & Initiative type
Fugitive emissions reductions
Other

Estimated annual CO2e savings (metric tonnes CO2e)
4,400,000

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 1
Scope 3 category 11: Use of sold products

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
150,000,000

Investment required (unit currency – as specified in C0.4)
350,000,000

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment

Disclosure numerator	Disclosure denominator	Awareness numerator	Awareness denominator	Management numerator	Management denominator	Leadership numerator	Leadership denominator
9	9	3	6	0	2	0	0

Closing information

CDP CLOSING INFORMATION

2023 timeline

This information is updated on an ongoing basis

Jan 2023

2023 questionnaires and guidance materials are available on our guidance page.

April 2023

The Online Response System (ORS) opens the w/c 17 April for 2023 corporate disclosure. Sign in and activate your questionnaire(s) when the ORS opens.

July 2023

Submit by Wednesday, 26 July 2023 to be eligible to receive a CDP score. **We strongly advise companies to submit early** to avoid unexpected delays and disappointment. Please reach out to the Help Center or your local CDP contact if you have any questions.

Sept 2023

The Online Response System (ORS) will close for the 2023 disclosure cycle on Wednesday, 27 September 2023. Companies who miss the scoring deadline are encouraged to submit by this date so that their company's 2023 data can be included in CDP's comprehensive collection of self-reported datasets.

CDP CLOSING INFORMATION

Further Reading

Guidance for companies – CDP
https://www.cdp.net/en/guidance/guidance-for-companies

CDP CLOSING INFORMATION

Questions & Queries

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