

CDP's 2014 climate change program



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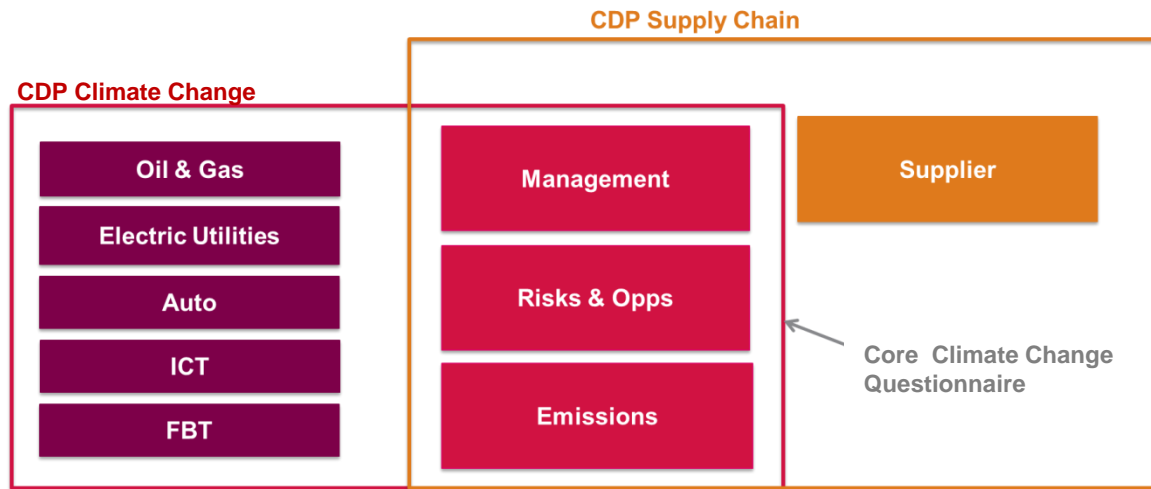
Introduction

CDP's climate change information request

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Information request structure

▼ CDP Climate Change/ CDP Supply Chain → one response for multiple requests



▼ Official deadline: May 29 for Climate Change and July 31 for Supply Chain

▼ Separate questionnaires for CDP's water and forests programs

Climate change questionnaire structure

Introduction	CC0	Introduction
Management	CC1 CC2 CC3 CC4	Governance Strategy Targets and Initiatives Communications
Risks & Opportunities	CC5 CC6	Risks Opportunities
Emissions	CC7 CC8 CC9 CC10 CC11 CC12 CC13 CC14	Emissions Methodology Emissions Data Scope 1 Emissions Breakdown Scope 2 Emissions Breakdown Energy Emissions Performance Emissions Trading Scope 3
Sign Off	CC15	Sign off

Changes for 2014

Key principles

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Key principles behind changes

CDP seeks to minimize changes to the core climate change questions

Specific changes were introduced to improve/increase:

- ▼ data quality
- ▼ ease of disclosure
- ▼ relevance of data to key stakeholders
- ▼ automation of scoring

CDP's 2014 climate change questionnaire

Management

CC1. Governance

CC2. Strategy

CC3. Targets & initiatives

CC4. Communications

Risks & opportunities

CC5. Climate change risks

CC6. Climate change opportunities

Emissions

CC7. Methodology

CC8. Emissions data

CC9. Scope 1 emissions breakdown

CC10. Scope 2 emissions breakdown

CC11. Energy

CC12. Emissions performance

CC13. Emissions trading

CC14. Scope 3

Sign off

CC15. Sign off

Questionnaire changes

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Management

▼ Governance

- ▼ Responsibility for climate change
- ▼ Staff incentives

▼ Strategy

- ▼ Risk management
- ▼ Climate change and business strategy
- ▼ Engagement on public policy

▼ Targets & initiatives

- ▼ Targets
- ▼ Avoided emissions from goods/services
- ▼ Emissions reduction activities

▼ Communications

Risk management process (“yes” route)

CC2.1 Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

CC2.1a Please provide further details on your risk management procedures with regard to climate change risks and opportunities

New table

Frequency of monitoring	To whom are results reported	Geographical areas considered	How far into the future are risks considered?	Comment
<i>drop down</i>	<i>drop down</i>	<i>text</i>	<i>drop down</i>	<i>text</i>

New questions

CC2.1b Please describe how your risk and opportunity identification processes are applied at both company and asset level

CC2.1c How do you prioritize the risks and opportunities identified?

Risk management process (“no” route)

New question

CC2.1d Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

Main reason for not having a process	Do you plan to introduce a process	Comment
<i>drop down</i>	<i>drop down</i>	<i>text</i>

Climate change risks & opportunities

Driven by changes in:

- ▼ regulation
- ▼ physical climate parameters
- ▼ other climate-related developments



Risks/ Opportunities

CC5.1 Have you identified any climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure?

Tick all that apply

- ☐ Risks driven by changes in regulation
- ☐ Risks driven by changes in physical climate parameters
- ☐ Risks driven by change in other climate-related developments

CC5.1a Please describe your risks driven by changes in regulation

Risk driver	Description	Potential impact	Time-frame	Direct/ indirect	Likelihood	Magnitude of impact	Estimated financial implications	Management method	Cost of management
	Free text						Free text	Free text	Free text

New columns

ID column removed

Linkage between Strategy and Risks & Opps

- ▼ Previously, “no” risks and opportunities route was used to evaluate a company’s risk assessment process
- ▼ This evaluation was heavily scored in Risks & Opps section
- ▼ Data points have been moved to Strategy page (question group CC2.1) so that this judgement can be made fully in the risk assessment questions
- ▼ Less detail is required from companies in Risks and Opps section

Emissions

- ▼ Methodology (page 7)
- ▼ Scope 1 and 2 emissions (pages 9 & 10)
 - ▼ Changes to inventory exclusions;
 - ▼ Third party verification;
 - ▼ NF3 added to basket of GHGs
- ▼ Energy (page 11)
- ▼ Emissions performance (page 12)
- ▼ Emissions trading (page 13)
- ▼ Scope 3 (page 14)
 - ▼ Changes to third party verification
 - ▼ Value chain engagement

Inventory exclusions

CC8.4 Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure? **Only minor tweak in wording**

CC8.4a Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

Source	Relevance of Scope 1 emissions from this source	Relevance of Scope 2 emissions from this source	Explain why the source is excluded
<i>Free text</i>	<i>Drop down</i>	<i>Drop down</i>	<i>Free text</i>

New columns

Scope 1, 2 & 3 verification

Changes applicable to **CC8.7** and **CC14.2**

CC8.6 Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Drop down list updated to include biennial and triennial verification / assurance processes

CC8.6a Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

Type of assurance	Attach the statement	Page/ section reference	Relevant standard	Proportion of Scope 1 emissions verified (%)
<i>Drop down</i>	<i>Attach here</i>	<i>Free text</i>	<i>Drop down</i>	<i>Numeric field</i>

New column on proportion of emissions verified

For each row

Numeric percentage fields

Verification of data other than emissions (new)

CC8.8 Please identify if any data points other than emissions figures have been verified as part of the third party verification work undertaken

Additional data points verified	Comment
<p><i>Drop down options:</i></p> <p><i>Year on year change in emissions (Scope 1)</i></p> <p><i>Year on year change in emissions (Scope 2)</i></p> <p><i>Year on year change in emissions (Scope 1 and 2)</i></p> <p><i>Year on year change in emissions (Scope 3)</i></p> <p><i>Year on year emissions intensity figure</i></p> <p><i>Progress against emission reduction target</i></p> <p><i>Change in Scope 1 emissions against a base year (not target related)</i></p> <p><i>Change in Scope 2 emissions against a base year (not target related)</i></p> <p><i>Change in Scope 3 emissions against a base year (not target related)</i></p> <p><i>Product footprint verification</i></p> <p><i>Emissions reduction activities</i></p> <p><i>No additional data verified</i></p> <p><i>Don't know</i></p> <p><i>Other, please specify</i></p>	<p><i>Free text</i></p>

New question

Sign off

CC15.1 Please provide the following information for the person that has signed off (approved) your CDP climate change response

Now presented as a table question

Name	Job title	Corresponding job category
<i>Text field</i>	<i>Text field</i>	<i>Drop down</i>

Sector specific modules

Developments for 2014

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Sector specific modules

CDP has started to facilitate the disclosure of sector specific information through a number of sector specific modules:

- ▼ As a response to stakeholders' demand for more sector specific information
- ▼ To drive targeted and effective action on climate change

Oil and Gas *

Auto

Food, Beverage and Tobacco *

Electric Utilities

ICT

**Indicates developments in 2014*

Sector specific modules should be completed *in addition* to the core climate change questions

Revisions to the Oil and Gas sector module for 2014

- ▼ Main principle for development: Driving transparency on key climate change issues for the industry
- ▼ Changes resulting from consultation with companies and investors in addition to various groups which work in this space e.g. Ceres and IPIECA
- ▼ Currently, O&G module not scored.
- ▼ **2014** pilot of an **O&G-specific scoring methodology**, covering both the O&G module and the core.
- ▼ Objective for **2015** is a new public O&G scoring methodology

An overview of the FBT module

The module features question sets on four activities that are prevalent across the FBT sector:

Activity	Relevance to FBT	Climate change linkage
Agriculture	Production of agricultural inputs (within direct operations and/or agricultural value chains)	Significant exposure to climate change Emissions from: Manure; enteric fermentation; fertilizer use – synthetic; fertilizer use – organic; drainage of managed soils; tillage of managed soils; burning; land use change; woodland management; rice cultivation; farm machinery; refrigeration and air-conditioning; waste generated during agricultural activities; and indirect emissions from purchased electricity.
Processing	All processes adopted, and all methods and techniques used, to transform raw agricultural inputs into final products ready for human consumption	Emissions from: Heating, cooling, refrigeration, operation of machinery, waste
Distribution	Entire network required to move products through the supply chain	Emissions from: Combustion of fuel, electricity for refrigeration, waste
Consumption	Includes the use of goods in addition to waste disposal and end of life treatment of products sold by the reporting company	Emissions from: Cooling, freezing and heating, land filling, incineration, composting, recycling and wastewater treatment

Top tips and help

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Top tips

- ▼ Make use of the guidance document
- ▼ Make use of the 'copy from last year' button in the ORS
- ▼ Review responses from companies in the CPLI and CDLI for examples of high quality responses <https://www.cdproject.net/en-US/Results/Pages/leadership-index.aspx>
- ▼ For quantitative questions (e.g., your Scope 2 emissions figure), you should enter a figure if you have one. If you know that you have no emissions in this scope, you should enter a zero in the box. If you have not assessed your emissions in this scope, then you should leave the question blank

Top tips

- ▼ Cross references to other questions are not scored, nor are links to external websites
- ▼ Use the main text fields provided for your responses and NOT the 'Further Information' field
- ▼ Four questions request attachments (CC4.1, CC8.6a, CC8.6b, CC8.7a, CC14.2b)
- ▼ Avoid leaving qualitative questions blank
- ▼ Provide answers that are specific to your business

Questions?

Verification

Reporting and changes

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Why verification

- ▼ Increasing materiality of GHG emissions
- ▼ Demand for reliable data quality

Benefits of verification:

- ▼ Objectivity and experience to the data review
- ▼ Identify inefficiencies and errors, improve accuracy and usefulness
- ▼ Continual improvement of the processes and data, which feeds back into projects

Changes in 2015

▼ Proposal:

For full performance points in S1/S2 verification, and as CPLI criteria:

- Threshold of 70% of emissions verified for full points,
and no significant exclusions.

Changes in 2015

In 2015, there will be three possible scoring outcomes for a company:

1. Full points for verification
2. Partial points for verification
3. No points for verification

▼ Outcome 1 (full points)

- 70% or above of their reported emissions verified in the scope (can be multiple rows)
- Not identified any relevant exclusions in CC8.4.

Changes in 2015

▼ Outcome 2 (partial points):

- Below 70% of emissions verified in the scope; or
- 70% or above of emissions verified; **but** relevant exclusions to the inventory; or
- 70% or above of emissions verified, **but accepted statements covers <70%**

▼ Outcome 3 (no points):

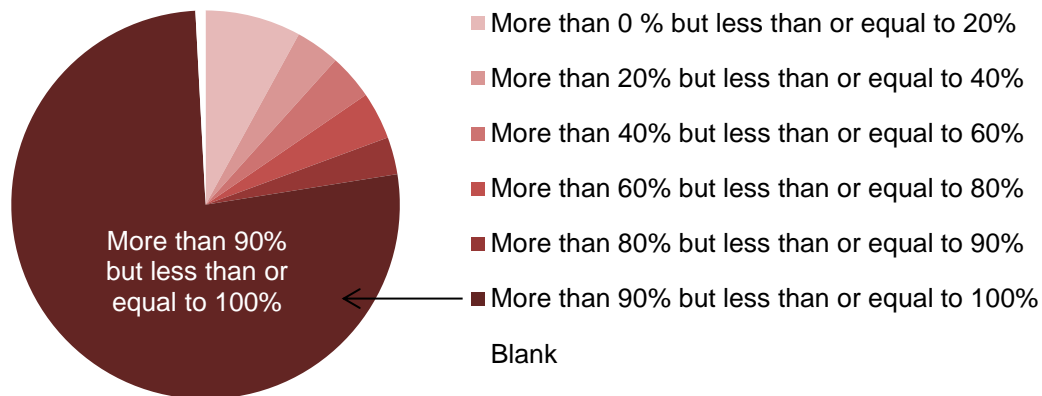
- No verification; or
- No statements either provided or accepted

Explanation for threshold change

Rationale:

76% of companies who have verification/assurance have **90-100%** of their S1 emissions verified.

Scope 1 proportion of emissions verified



Annual/Biennial/Triennial & Scoring

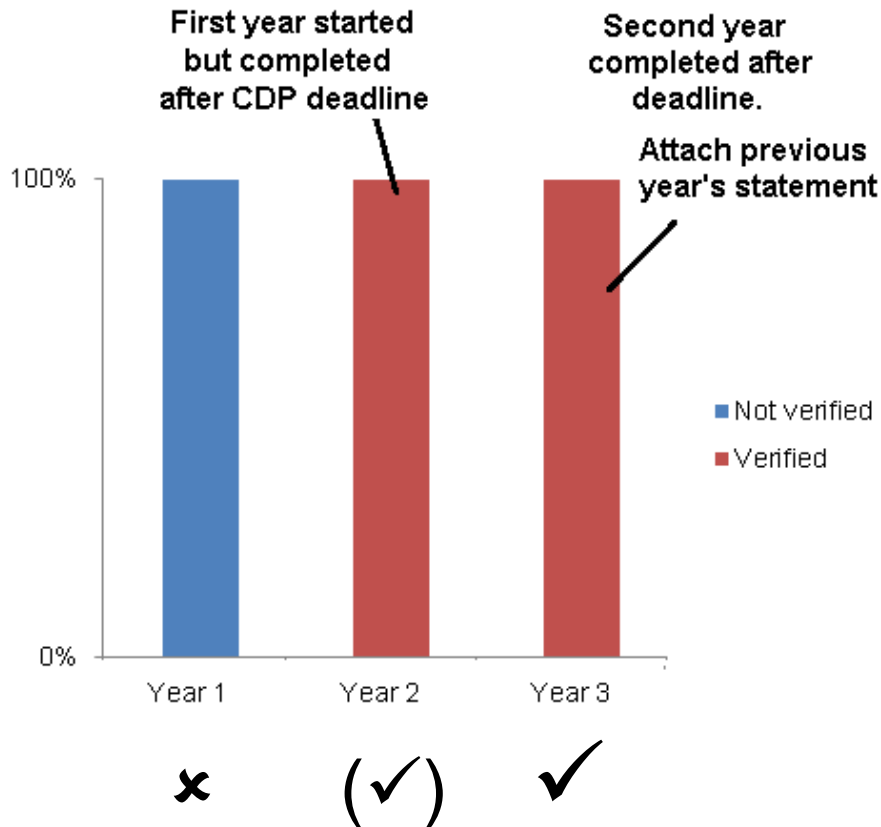
Annual verification (not in sync with CDP)

Score key:

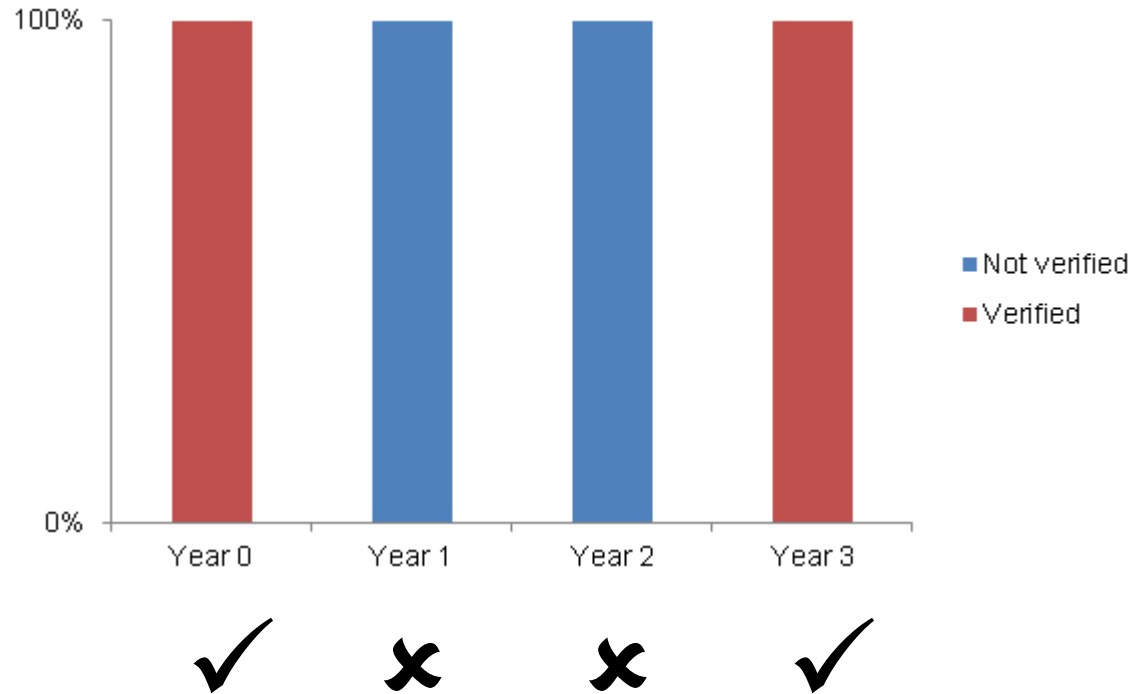
✗ None

(✓) Partial

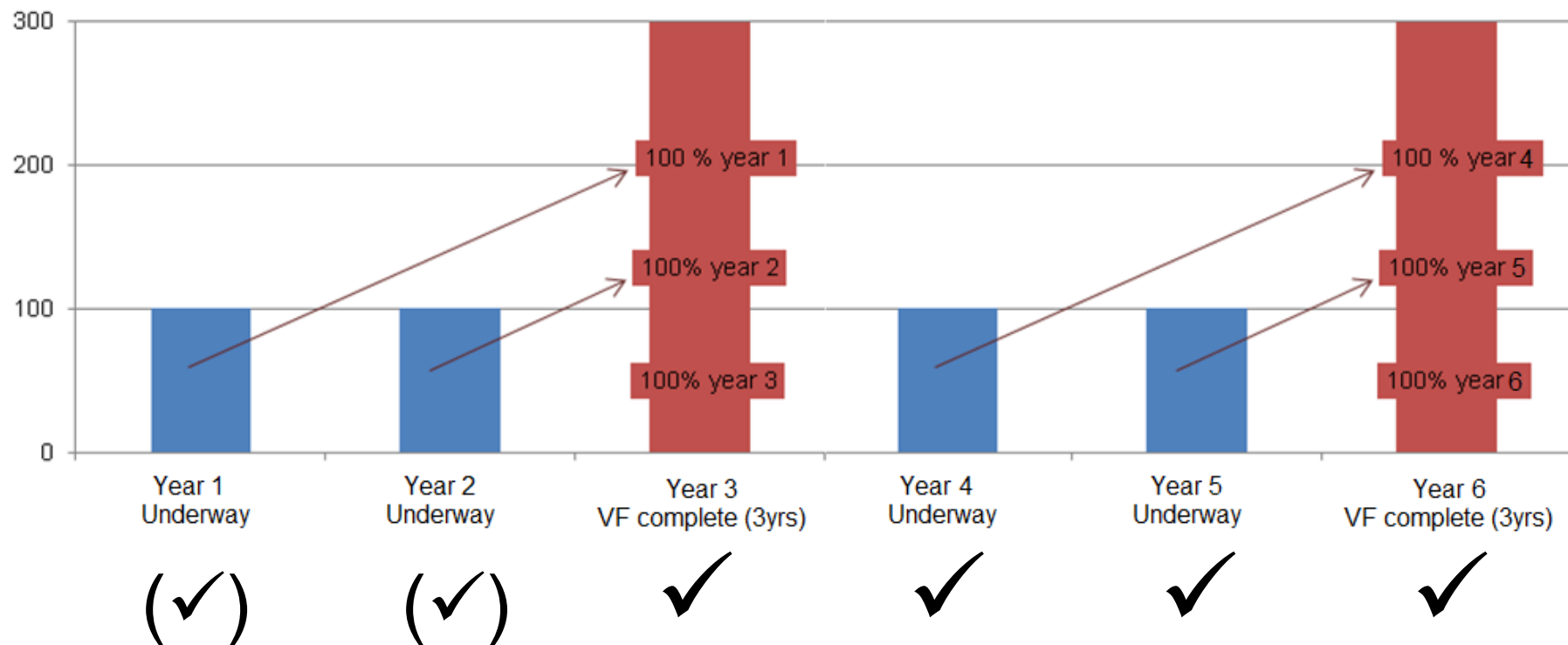
✓ Full



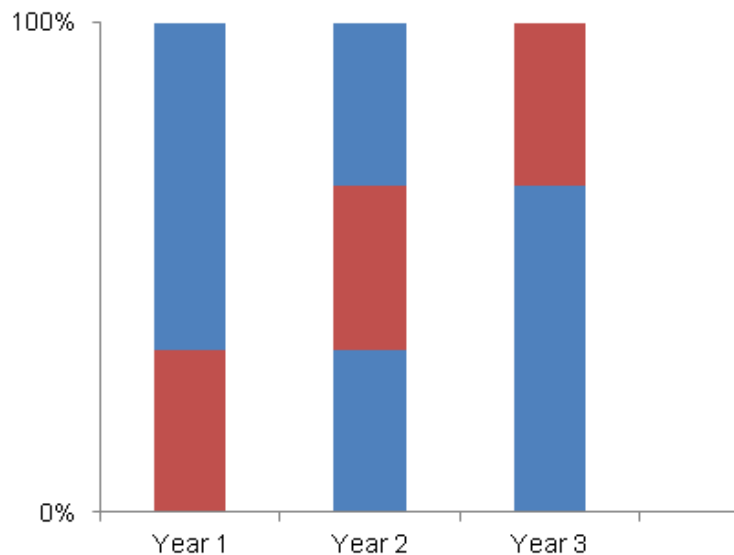
Triennial and biennial verification



Triennial and biennial verification



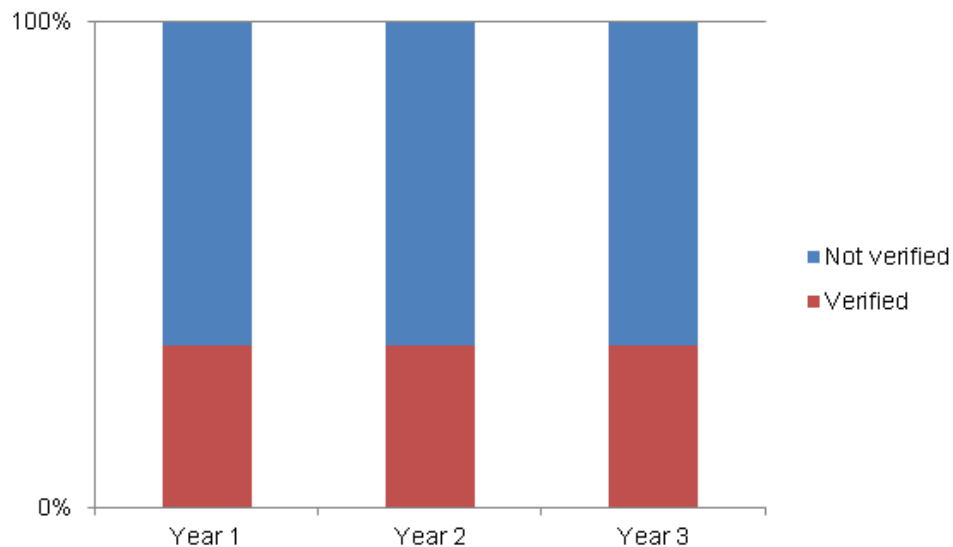
Partial verification (2015 scoring)



(✓)

(✓)

(✓)



(✓)

(✓)

(✓)

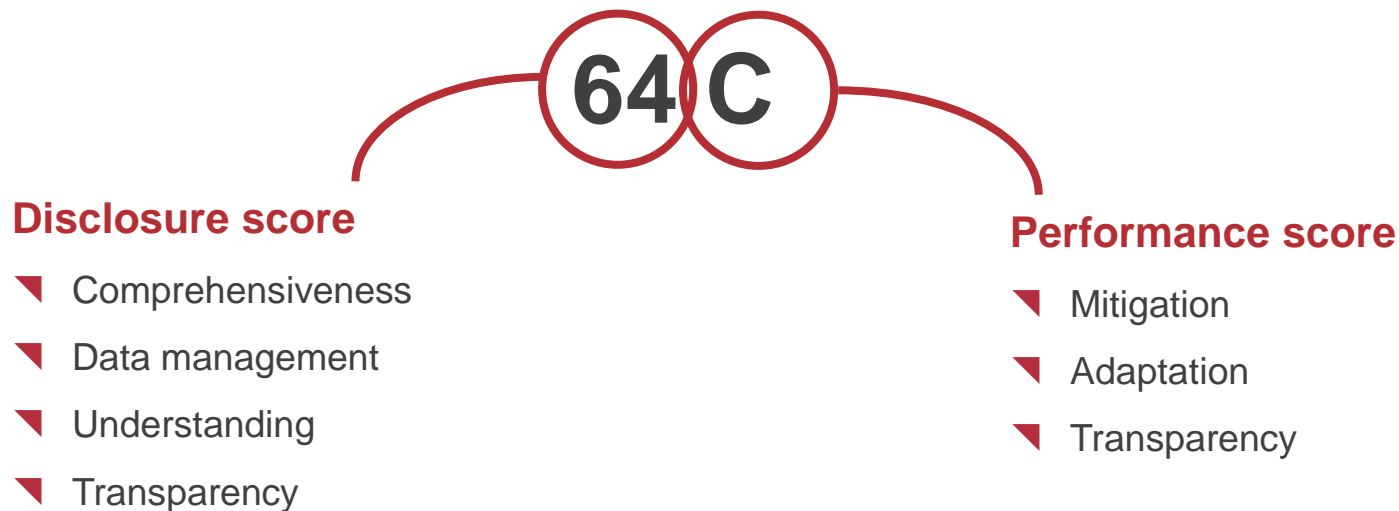
Tips on verification

- ▼ Check your standard is accepted by CDP:
www.cdp.net/en-US/Respond/Pages/verification.aspx
- ▼ The attachment needs to:
 - Relate to the relevant **scope** (scope 1, scope 2, or scope 3);
 - Relate to the correct **reporting year**;
 - State the verification **standard** used; and
 - Contain a verification **opinion or finding**.
- ▼ Use the [verification template](#) if unsure
- ▼ If emissions verified because a report was verified, include the report

Overview of Scoring

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The CDP scores



“Did you answer the question?” vs “What are you doing?”

Leadership Indices



To enter the CDLI, a company must have:

- ▼ A top disclosure score (usually top 10%)



To enter the CPLI, a company must have:

- ▼ A top performance score (bands are set after the response are received and scored)
- ▼ Maximum points for 12.1a – absolute emissions reduction
- ▼ Scope 1 & 2 figures disclosed and maximum performance points for verification/assurance of Scopes 1 & 2

CDP reserves the right to exclude a company from the CPLI or CDLI if there is anything in its response or other information publicly available that calls into question its suitability for inclusion

Investor Use of Scores

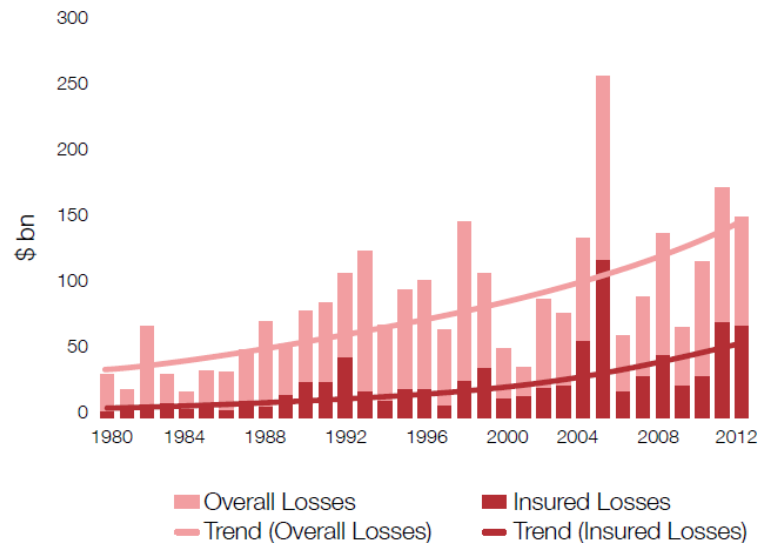
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Materiality of climate change

Extreme weather events and resource constraints present material risks and opportunities to investors. Business continuity, productivity and profitability are threatened and liabilities are often concealed within global supply chains.

Overall and insured losses from weather catastrophes worldwide, 1980-2012

Source: Munich Reinsurance Company, Geo Risks Research, NatCatSERVICE.



How investors use CDP Scores

- ▼ As a proxy for good corporate governance practice, and good climate change management
- ▼ Investment decision ideas (best in class, exclusion criteria, weightings, etc)
- ▼ Create financial products (ETF/low carbon index)
- ▼ In conjunction with other ESG metrics/ranking
- ▼ Climate risk assessment of portfolios
- ▼ Engagement (Aiming for A)
- ▼ Analysis in a sub-set of the score (Governance & Strategy, Risk & Opportunity Management, Verification, and Emissions Management)

Scorecard

Company summary: BP

Company name	BP	Ticker	BP/ LN
Sector	Energy	ISIN	GB0007980591
Industry	Oil, Gas & Consumable Fuels	Country	United Kingdom
Sub-Industry	Integrated Oil & Gas		
Disclosure score 2013	80	Performance band 2013	C

Historic scores

Disclosure 2012	75	Performance 2012	C
Disclosure 2011	80	Performance 2011	B

Score breakdown

	Disclosure	Performance	Sector performance	Company performance
Governance	100	B		
Strategy	73	A		
Emissions Performance	79	D		
Verification / Stakeholder Engagement	94	A		

Governance & Strategy

Who has oversight of climate change?

Individual/Sub-set of the Board or other committee appointed by the Board

Incentives in place?

YES

Risk management in place?

Good

Climate change in business strategy?

Medium

Targets

No

Emissions trends

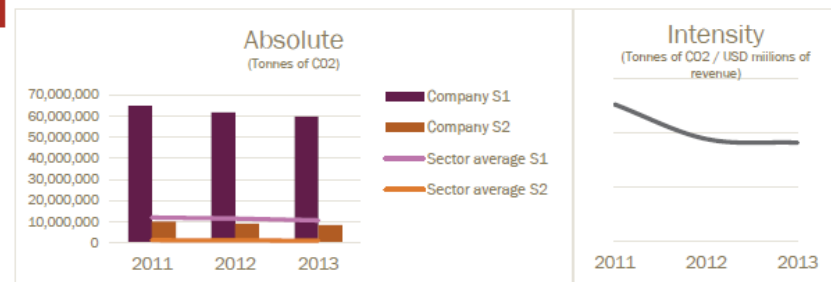
Scope 1 (tonnes CO₂e) 59,830,000

Scope 2 (tonnes CO₂e) 8,360,000

Scope 3 ratio 1:17

Scope 1 and 2 intensity
per revenue (Tonnes
CO₂e / USD millions)

181.56



How Investors may access CDP scores

CDP Reports

2013 Climate Performance Leadership Index (CPLI)



Sector	Company	Performance band	Disclosure score	Consecutive years in the CPLI
Consumer Discretionary	BMW	A	100	4
	Daimler	A	100	1
	Royal Philips	A	100	1
	Honda	A	99	1
	Nissan	A	99	1
	Volkswagen	A	99	1
	British Sky Broadcasting	A	95	1
	H&M Hennes & Mauritz	A	83	1
Consumer Staples	Nestlé	A	100	2
	Diageo	A	98	2
	L'Oréal	A	94	1
	Anheuser Busch InBev	A	85	1
Energy	Unilever	A	85	2
	Spectra Energy	A	98	1
Financials	BG Group	A	89	1
	BNY Mellon	A	100	1
	Bank of America	A	98	4
	Goldman Sachs	A	98	1
	HSBC	A	97	1
	Firststrand Limited	A	96	1
	Morgan Stanley	A	96	1
	Wells Fargo	A	96	2
	AXA Group	A	94	3
	Commonwealth Bank	A	94	1
	TD Bank	A	94	1
	Ace	A	93	2
	BNP Paribas	A	93	1
	Barclays	A	92	1

2013 Climate Disclosure Leadership Index (CDLI)



Sector	Company	Disclosure score	Performance band	Consecutive years in the CDLI
Consumer Discretionary	BMW	100	A	3
	Daimler	100	A	2
	Royal Philips	100	A	3
	General Motors	100	A-	1
	Honda	99	A	2
	Volkswagen	99	A	1
	Home Depot	99	A-	2
	Nissan	99	A	1
	Las Vegas Sands	98	A-	1
	TJX Companies	98	B	2
	News Corporation	97	A-	4
Consumer Staples	Nestlé	100	A	4
	Colgate Palmolive	99	B	1
	Reckitt Benckiser	99	B	1
	Diageo	98	A	2
	Philip Morris International	97	B	1
Energy	Spectra Energy	98	A	2
	Repsol	98	B	2
	Chevron	97	A-	1
	Hess	97	B	5
Financials	BNY Mellon	100	A	1
	Bank of America	98	A	1
	Goldman Sachs Group	98	A	2
	Marsh & McLennan	98	B	1
	Simon Property Group	98	B	1
	HSBC	97	A	1
	HCP	97	A-	1
	Allianz	97	A-	3
Healthcare	Bayer	99	A-	6

Disclosure and Performance score spread sheet

Account Number	Company Name	Public	ScoreDisclosure	CPLI	Band	Expansion	GICS_Sector		
1502	Barclays	Public	92	True	A	FTSE 725,FTSE 600,FTSE 350,FTSE 10	Financials		
1529	Barloworld	Public	97	True	A	South Africa,Water South Africa,	Industrials		
1536	Barrick Gold Corporation	Public	87	False	B	FTSE All-World,Global 500,Canada,Wat	Materials		
23318	Barry Callebaut AG	Public	54	False	C	DACH,Switzerland,Water STOXX,	Consumer Staples		
1542	Basellandschaftliche Kantona	Public	75	False	B	DACH,Switzerland,	Financials		
1516	BASF SE	Public	100	False	A-	Euro,FTSE All-World,Global 500,DACH,[Materials		
1563	Basler Kantonalbank	Public	82	False	C	DACH,Switzerland,	Financials		
1564	BAUER AG	Public	72	False	C	DACH,DEU & AUT,Germany,	Industrials		
1574	Baxter International Inc.	Public	82	False	B	FTSE All-World,Global 500,S&P 500,Rus	Health Care		
1581	Bayer AG	Public	99	False	A-	Euro,FTSE All-World,Global 500,DACH,[Health Care		
1602	Baytex Energy Corp.	Public	68	False	D	Canada,	Energy		
1591	BBA Aviation	Public	44	False	N/A	FTSE 725,FTSE 600,FTSE 350,	Industrials		
1613	BBVA	Public	76	False	D	Euro,FTSE All-World,Global 500,Spain,It	Financials		
1616	BCE Inc.	Public	91	False	B	FTSE All-World,Global 500,Canada,	Telecommunication Services		
36573	Beadell Resources	Public	29	False	N/A	Australasia,Australia,ASX 200,	Materials		
1627	Beazley Group	Public	44	False	N/A	FTSE 725,FTSE 600,FTSE 350,	Financials		
1636	Bechtle AG	Public	28	False	N/A	DACH,DEU & AUT,Germany,	Information Technology		
1639	Becton, Dickinson and Co.	Public	69	False	B	FTSE All-World,S&P 500,Russell 1000,W	Health Care		
31360	Befimmo SA	Public	81	False	B	Benelux,Belgium,	Financials		
1641	Beiersdorf AG	Public	51	False	C	Euro,FTSE All-World,Global 500,DACH,[Consumer Staples		
31467	Beijer Alma	Public	59	False	E	Nordic,Sweden,	Industrials		
1650	BEKB / BCBE	Public	86	False	B	DACH,Switzerland,	Financials		
35800	Bel Fuse Inc.	Public	37	False	N/A	Other responding corporations,Water Ott	Information Technology		
1652	Belgacom	Public	86	True	A	Benelux,Belgium,Euro,FTSE All-World,	Telecommunication Services		

Bloomberg

Analyze Equity Security Menu ▾ BARCLAYS PLC Equity ▾ FA ▾ Message ☆ 📄 ⚙️ ?

> <HELP> for explanation.
Click numbers for transparency

BARC LN Equity 96) Settings 97) Actions ▾ 98) Output ▾ 99) Feedback Financial Analysis

Barclays PLC Periods 12 Annuals Currency USD ▾

1) Key Stats 2) I/S 3) B/S 4) C/F 5) Ratios 6) Segments 7) Addl 8) ESG 9) Custom


11) Overview 12) Environmental 13) Social 14) Governance 15) Exec & Dir Comp 16) ESG Ratios 17) CDP


In Millions (except Per Share)	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006
12 Months Ending	2012-12-31	2011-12-31	2010-12-31	2009-12-31	2008-12-31	2007-12-31	2006-12-31
CDP Disclosure Score	92	92	89	87	74	98	--
CDP Reporting Boundaries	OPR	n/a	OPR	OPR	n/a	n/a	n/a
Carbon Emissions Disclosure Indicator	Public	Public	Public	Public	Public	Public	Public
Reporting Period							
Start Date of CDP Reporting Year	2012-01-01	2010-01-01	2010-01-01	2009-01-01	2008-01-01	2007-01-01	n/a
End Date of CDP Reporting Year	2012-12-31	2010-12-31	2010-12-31	2009-12-31	2008-12-31	2007-12-31	2006-12-31
CDP Survey Year	2013	2012	2011	2010	2009	2008	2007
CDP Reported Fiscal Year	2012	2010	2010	2009	2008	2007	2006
Risks and Opportunities							
Regulatory Risk Exposure	Yes	Yes	Yes	Yes	Yes	n/a	n/a
Physical Risk Exposure	Yes	Yes	Yes	Yes	Yes	n/a	n/a
Other Risk Exposure	Yes	Yes	Yes	Yes	Yes	n/a	n/a
Regulatory Opport Present	Yes	Yes	Yes	Yes	Yes	n/a	n/a
Physical Opport Present	Yes	Yes	Yes	Yes	Yes	n/a	n/a
Other Opportunities Present	Yes	Yes	Yes	Yes	Yes	n/a	n/a
GHG Emissions							
Scope 1 Emissions	0.05	--	0.05	0.06	0.03	0.03	0.04
Scope 2 Emissions	0.79	0.82	0.94	0.85	0.58	0.46	0.37
Ret Certs Low Carbon	n/a	Yes	Yes	n/a	No	n/a	n/a
Emissions from Travel	0.17	0.19	0.11	--	0.07	0.08	0.07
CDP Level of Uncertainty Scope 1 E...	10.00	--	10.00	--	--	--	--
CDP Level of Uncertainty Scope 2 E...	10.00	--	10.00	--	--	--	--
CDP Percentage Data Verified Scope 1	100.00	--	100.00	100.00	--	--	--
CDP Percentage Data Verified Scope 2	100.00	--	100.00	100.00	--	--	--
CDP Percentage Data Verified Scope 3	100.00	100.00	100.00	20.00	--	--	--

Deutsche Börse (German stock exchange)

Deutsche Börse AG

Equity, ISIN DE0005810055, WKN 581005, DB1

DEUTSCHE BÖRSE



Overview

Charts

News

Price History


Master Data

Company Data

Key Figures

Sustainability

Data of sustainability complete the fundamental financial key figures and increase the transparency of the company in terms of a holistic investment decision [more](#)

SUSTAINALYTICS

Sustainability Figures

Environment Score	72.10
Social Score	85.70
Governance Score	68.30

Carbon Disclosure Project ?

CARBON DISCLOSURE PROJECT

Disclosure Score	
Own Score	89 of 100 Points
Sector Average	84 Points
Total Average	70 Points
Performance Band	
Own Score	Rating B
Sector Average	Rating C
Total Average	Rating C

Sector: Financial Services

Overall Result: All companies in Stoxx 1800

Awards

Carbon Disclosure Leadership Index D,A,CH

Google Finance

Key stats and ratios

	Q4 (Dec '13)	2013
Net profit margin	20.06%	20.42%
Operating margin	23.26%	23.34%
EBITD margin	-	30.23%
Return on average assets	12.56%	11.93%
Return on average equity	15.93%	15.36%
Employees	53,861	-
Carbon Disclosure Rating	-	95/100

Myths around scoring

Energy Intensity

Myth

- We are an energy intensive company, I will never be able to get a good score

Answer

- High emitters that have reduced emissions actively can still get a good score, in both disclosure and performance.
- Any type of company can get a good **disclosure score**, as this relates to the quality of information provided in the CDP response
- The **performance scoring** methodology does not make any judgement on your overall emissions. Instead, it encourages emission reductions due to emission reduction activities.

Growing businesses

Myth

- We are a growing company, so we'll never get points for reducing emissions

Answer

- The scoring methodology does not penalise companies for an increase in the company's total year on year emissions
- Points are awarded for **reductions made due to emission reduction initiatives** – so if your emissions are lower than they would have been without taking action, you can still score well

Verification

Myth

- We do not have third party verification of our data, therefore we can't get a good score.

Answer

- Even if you answer “No third party verification or assurance” to all three scopes, you are still able to get a score of **96 B** through the other questions

Low Hanging Fruit

Myth

- We can't score as high as our competitors who have just started reporting since we have made all the reductions in the first reporting years

Answer

- All companies get this **short term advantage** and will need to look for more long-term CO2 reduction opportunities
- Strong early reductions mean fewer tonnes needed to reduce by same percentage.

Opportunities

Myth

- I can't score as highly as other businesses who might have more climate change related opportunities (or risks) than me.

Answer

- CDP does not penalise companies who are not exposed to significant climate change opportunities (or risks).
- CDP awards disclosure points to companies who have reviewed their risks and opportunities **and** are able to provide the required details. If a business finds that they do not have significant climate change related opportunities (or risks) they can select the “no” route and provide the results of their review and reasons for their conclusions, and this is eligible for points.

International vs local

Myth

- I am reporting for a larger proportion of my organization than my peers which affects my data quality. Companies that are reporting for only one country are in a more advantageous situation as they can provide better data

Answer

- The questionnaire gives you the **opportunity to disclose your accuracy (uncertainty) and exclusions**, so you can provide this important contextual information to Investors
- The scoring methodology does not penalise companies for providing emission figures with a level of uncertainty

Energy intensity

Myth

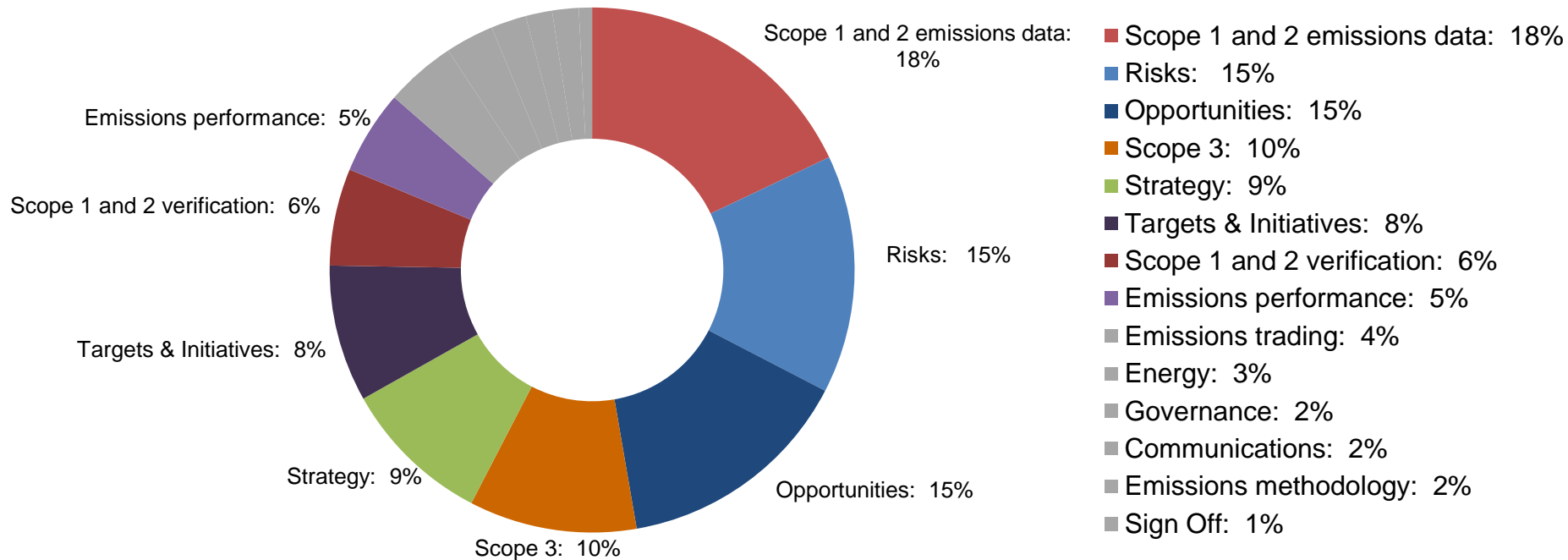
- CDP asks companies to report their emissions per revenue and number of full time employees. Emissions intensity will go down if the prices are high or number of employees is high. This does not incentivize carbon efficiency

Answer

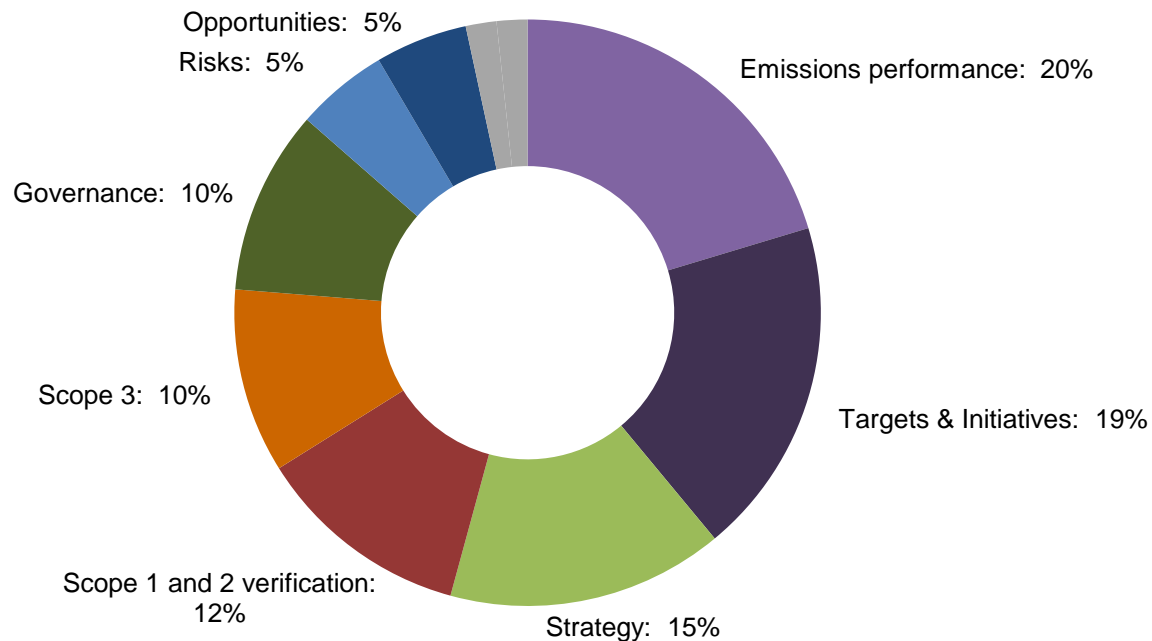
- Performance points are awarded where emissions intensity (per revenue or per number of employee) is falling **and emissions reduction activities are a reason for the fall**

Scoring weightings

Disclosure Score Weighting



Performance Score Weighting



- Emissions performance: 20%
- Targets & Initiatives: 19%
- Strategy: 15%
- Scope 1 and 2 verification: 12%
- Scope 3: 10%
- Governance: 10%
- Risks: 5%
- Opportunities: 5%
- Communications: 2%
- Emissions trading: 2%

Questions?

CDP collaborations

respond@cdp.net

Methodology and standards

▼ CDP aligns with the GHG Protocol's methodology and standards, and participates in WRI/ WBCSD working groups



World Business Council for
Sustainable Development



GREENHOUSE
GAS PROTOCOL

CDP and GRI

- ▼ CDP collaborates with GRI in several areas
- ▼ CDP is a member of GRI working groups and produces a document outlining alignment in reporting requirements



CDP and DJSI

To inform the climate change aspects of its annual Corporate Sustainability

Assessment, in 2013 RobecoSAM reduced its 25 Climate Strategy questions to 7 and aligned them with corresponding questions asked by CDP

Dow Jones Sustainability Indexes
In Collaboration With RobecoSAM

Aligned questions:

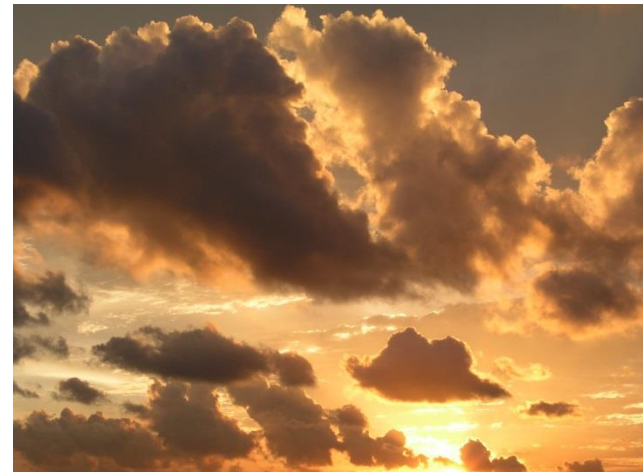
- Responsibility for climate change within your company
- Provision for staff incentives related to climate change
- Risk management process
- Your company's goods and services enabling emissions reductions by a third party
- Emissions reduction initiatives and associated costs and savings
- Risks from climate change
- Opportunities from climate change

Looking ahead

respond@cdp.net

Areas of future development

- ▼ Increased sector focus
- ▼ Science based targets
- ▼ Corporate engagement on public policy
- ▼ ORS development



Sector focus: what does it entail?

- ▼ Gradual approach, targeting a number of high-impact sectors
- ▼ Provide guidance, collect and evaluate sector specific data from key sectors to drive targeted and effective action on climate change
- ▼ Address concerns of increased reporting burden by amending existing reporting requirements for targeted sectors
- ▼ Employ a scoring methodology that takes into account the most relevant questions for a given sector
- ▼ In future, develop flexible data output to drive the use of sector-specific and cross-sector data

Sector focus: timelines

- ▼ Gradual approach, targeting a number of high impact sectors
- ▼ Pilot scoring in **2014**
- ▼ **Over the next 3 years:** Oil & gas, and sectors heavily dependent on agricultural commodities
- ▼ **Over the next 4 years :** Electric utilities
- ▼ **Dependant on funding:** Metals & mining; financial services; transport; and materials

Science based targets

- ▼ CDP, WWF and WRI are looking at how and why companies should set science based climate targets
- ▼ Seeking to produce a methodology to set science based targets: a tool & guidance document
- ▼ In the future CDP will consider incorporating this vital piece of guidance into its performance scoring



Engagement with policy makers

- ▼ This area of corporate activity is now receiving international scrutiny. Ban Ki-Moon directly addressed the issue in a speech at Davos
- ▼ Data from 2013 public CDP responses was picked up by the Union of Concerned Scientists in the USA, and used in media reports comparing corporate positions with those of their trade associations
- ▼ CDP is now considering how to use information disclosed in question CC2.3 when compiling its climate disclosure and leadership indices
- ▼ CDP may use policy engagement data to some extent in 2014, for example in exercising the right to exclude companies from leadership indices, using what has been disclosed to CDP and also information that has been left out of the responses. CDP will consider performance scoring this area from 2015
- ▼ For help in managing this area of corporate activity please see the Guide for Responsible Corporate Engagement in Climate Policy

ORS development

- ▼ In future years CDP seeks to further develop its Online Response System (ORS)
- ▼ Your feedback on the existing system is very much appreciated
- ▼ Feedback can be provided using the general feedback form on the CDP website





THANK YOU