



GOVERNANCE & ACCOUNTABILITY INSTITUTE'S

TO THE POINT™



Timely News, Insights & Perspectives on Corporate Sustainability, Responsibility & Citizenship

August 2017

Governance & Accountability Institute shares timely news, insights and perspectives with corporate managers in key topic areas:

- ⦿ *Corporate Citizenship,*
- ⦿ *Corporate Responsibility,*
- ⦿ *Corporate Sustainability,*
- ⦿ *Community Affairs, and*
- ⦿ *Sustainable Investing.*

To the Point! is a fee-based educational resource for corporate executives and managers distributed each month with periodic brief updates for critical items.

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CDP IN FOCUS: Moving From “Transparency to Transformation,” The Organization Focuses On Transitioning to More of a “Sustainable Economy,” CDP Dedicates Its Work To Hurry The Transition Along

Issue 1.3

IN FOCUS: Carbon Emissions, Water, Forestry, Supply Chain, Sector Analysis, and New Tools and Resources for Companies’ Use, New Science-based Targets, More Collaboration With Stakeholders, More and More Transparency...

How will your company be affected?

“Back when” — approaching two decades ago — a small team based in London began to examine how companies were acknowledging and then responding to a matter of rising importance of investors: climate change. Yes, this is still a hot topic for debate, but leaders in the corporate sector are not sitting idly by these days to see how things turn out in the political sphere debate about climate change.

In the early days of the new organization — the “Climate Disclosure Project,” a/k/a today simply as “CDP” — three dozen investors signed on to support the first questionnaire that was

begin sent out to 500 of the world’s largest companies. Good news: almost half of the companies did respond...and the not-for-profit CDP was on its way.



Today, 6,000 large companies representing 60% of total global capital market value are disclosing information on their activities to CDP (and thus to a wide range of investors) — and so investors know more about company strategies, policies, actions on climate change, water, deforestation, supply chain, and more — through the good offices of CDP.

And on the investor side, what about those 35 or so early pioneers? They are now are part of a community of 800 investors managing US\$100 trillion AUM. This is the number of asset owners and managers signed on to this year’s questionnaire to the global corporate community — most likely including your company.

Underlying CDP’s work is the belief that Greenhouse Gas Emissions (GHGs) must peak and not progress anymore in the year 2020 to “avoid catastrophic disruption,” says CDP CEO Paul Simpson.



Note that the super-majority of the world's governments have signed on to strive to meet this goal as part of the Paris Accord/Agreement (reached at the October 2015 COP 21 meeting).

The United Nations' Sustainable Development Goals (SDGs) — which many companies are adopting as part of their Corporate Citizenship / Corporate Sustainability / Corporate Responsibility activities — are firmly focused on climate, sustainability (in the public sector) and clean energy. All necessary as part of the effort to achieve the 2020 global goals.

Companies, says CEO Simpson, account for 70% of global emissions; therefore, the corporate sector has a clear responsibility to work with the public sector to transition to the low-carbon economy (something he stresses in his statements).

And CDP will be closely tracking and reporting on the progress (or lack thereof) on the part of the global private sector. A wide range of investors and stakeholders is depending on CDP for vital climate change and related data.

One important advance by CDP as it continues to mature is the increased reliance on climate science.

The continuing (and expanding) disclosure of environmental and related data to CDP by companies day-by-day creates a more robust global database, and both companies and investors are taking steps to address climate change challenges with the benefit of having CDP data.

At G&A Institute, we are regularly assisting our clients in responding to CDP and doing benchmarking for issuers, comparing peers' CDP disclosures vs. the client organization's. This can be very revealing to corporate management and internal stakeholders, in many cases.

Investors should be cheered to learn that some pioneering companies reporting to CDP have charted the cost savings of their GhGs etc. reductions -notably achieving US\$12 billion in cost savings in 2016.

CDP says that 62 companies have been able to separate "emissions" and "revenues," with 6% reduction in emissions with 29% average increase in revenues reported.

CDP points to the Financial Stability Board's Task Force on Climate- Related Disclosures (FSB / TFCF) recommendations as a way to ensure (going forward) that corporate climate information gets reflected in the mainstream financial reports.

And to encourage this, CDP will adopt the Task Force recommendations in sector-based questionnaires to companies for the 2018 reporting period. Get ready, these are coming your way in the annual query to your company and will be reflected over time in financial products available to investors.

Reflecting on CDP's work, CEO Paul Simpson sees growing momentum in "environmental action," which is hastening the pace and scale of the envisioned transition to a lower-carbon economy, more water-secured and more sustainable future for Mother Earth.

Connection to CDP: <https://www.cdp.net/en/info/about-us>



[Click here for Issue 1.1 with information about the FSB Task Force recommendations.](#)

NOTES FROM G&A INSTITUTE

In the spring of the year, companies mobilize their forces to respond to the annual CDP questionnaire. The G&A Institute team is helping corporate client managements in their response effort, using unique tools and resources developed by G&A to help enhance the corporation's answers to CDP questions.

"This is really a year-round activity for the internal team," notes EVP Lou Coppola. "Companies that do a better job of responding are systematically gathering data and other information, performing gap analysis (what is missing?), identifying content owners and the resources they are responsible for, and otherwise adding to the existing information used for the prior response to CDP. This is often a fire drill but is more efficient, we have found if it is aligned with other standards and responses, continuous, and well-organized activity for the responding company."