Seventeen years ago, CDP set out to transform capital markets by making environmental disclosure and risk management a new business norm.

Today, awareness, disclosure and management of environmental risk is mainstreaming around the world.
The Paris Agreement and evolving market forces, from shareholder and customer requirements to the rapidly improving cost curves of clean energy, are moving us towards a tipping point that will help protect us from climate change, water scarcity and the effects of deforestation. To reach that point we need critical shifts in financial capital, policy, strong leadership, innovation, and ongoing measurement, transparency and accountability.

The stakes are high as we look to the next phase of CDP’s work.

Paul Simpson CEO
Our vision is for a thriving economy that works for people and planet in the long term.
Our mission is to focus investors, companies and cities on taking urgent action to build a truly sustainable economy by measuring and understanding their environmental impact.
Over the next three years CDP will continue working with investors, companies, cities, states, regions and national governments to transform the pace and scale of transition to a well below 2-degree, water-secure world.

Through our disclosure platform, data and tools, we will support and advocate for transition plans that reduce emissions, avoid deforestation, deliver water security and build resilience to climate change.
With political instability and competing demands for public policy attention from unemployment to terrorism, there is a risk of a decline in the international cooperation required to tackle global problems. CDP keeps the world on track by driving awareness of environmental impacts so that investors, companies, cities, states, regions and governments can make informed choices for a sustainable economy.
CDP launched the concept of environmental disclosure in 2002, working with shareholders to motivate companies to measure and disclose information on an annual basis. At the time CDP had just 35 investors signing its request for climate information, and 245 companies responding. This was the first systemic linkage between environmental and financial information. The CDP request for information sparked a rapid growth in environmental disclosure around the world, engaging investors, companies, governments, cities, states and regions on the huge benefits of greater transparency.

Today, CDP’s work is driving environmental disclosure at significant scale:

- **20% of global emissions**
  Nearly a fifth of global greenhouse gas (GHG) emissions are reported through CDP, enabling essential tracking of the global economy’s progress towards a zero-carbon future.

- **100+ Countries**
  There are now companies, cities, states and regions from more than 100 countries disclosing through CDP, as environmental disclosure continues to grow around the world.

- **533 Cities**
  From the original 48 to 533 cities, representing a population of 608 million people, and 100 states and regions across 89 countries now disclose their progress in managing environmental risk and taking climate change action.

- **6000 Companies**
  Nearly 6,000 companies, representing 60% of the market capitalization of the world’s 30 largest stock exchanges, publicly disclose environmental information through CDP, compared to 245 companies in 2002.

- **800+ Investors**
  From the original 35 investors, today more than 800 investors with combined assets of US$100 trillion motivate companies to disclose their impacts on the environment and take action to reduce them.

- **100+ Purchasers**
  Over 100 purchasing organizations with a combined annual spend of US$3 trillion motivate their suppliers to disclose environmental information, enabling the management of environmental impacts through global supply chains.
This awareness has contributed to a leap in sustainable investment. There are now US$23 billion of assets being professionally managed under responsible investment strategies globally\(^1\), an increase of 25% since 2014. CDP’s data is increasingly being used to create financial products including the New York State Common Retirement Fund’s low-carbon index created by Goldman Sachs, which is doubling in size from US$2 billion to US$4 billion, and the STOXX Low Carbon Indices. Data also underpins shareholder engagement action such as the Aiming for A shareholder engagement campaign run by CCLA Investment Management Ltd. This campaign led to landmark shareholder resolutions with board support for greater climate reporting transparency at the BP and Shell annual general meetings.

Investors face a pressing need to align their portfolios with the transition to a sustainable economy, which will require the movement of large amounts of financial capital toward low-carbon, less water-intensive investments. Key investor initiatives are springing up to drive this, such as the Portfolio Decarbonization Coalition, co-founded in 2014 by CDP, the United Nations Environment Programme Finance Initiative, AP4 and Amundi, with 27 investors so far committed to decarbonize US$600 billion of investments. The decarbonization goals required can only be achieved with the continued ability to measure and monitor the environmental performance of their holdings. CDP data is essential to enabling this progress. Further, CDP data underpins a whole host of activities across the climate action ecosystem from Oxfam’s Behind the Brands report to the We Mean Business coalition’s corporate commitments.

The work of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) builds on 17 years of work by CDP to root climate disclosure as a tool for enhanced global financial stability.

\(^1\) Global Sustainable Investment Alliance’s Global Sustainable Investment Review 2016
We are integrating the TCFD’s recommendations into our disclosure platform to drive rapid market adoption. By aligning CDP’s disclosure requests and the Climate Disclosure Standard Board’s guidance material on integrating climate disclosure into mainstream financial reporting, we are accelerating the TCFD’s goal of providing consistent and transparent information to global markets. We are also advocating for mandatory universal climate disclosure across G20 countries by informing, engaging and supporting policymakers of its benefits and the process for implementation.

Carbon disclosure and carbon pricing are critical for providing the market with the information and incentives to manage the transition to a low-carbon economy. CDP is at the forefront of work to rapidly accelerate private sector adoption and support for carbon pricing. We first reported on companies’ internal use of carbon pricing in 2013 and remain the sole standardized source of this information. We help guide policy and investment decisions through co-chairing the Mobilizing Business working group within the Carbon Pricing Leadership Coalition, convened by the World Bank Group, as well as with our investment-grade Carbon Pricing Corridors initiative to create ‘Paris compliant’ reference scenarios. These allow companies to benchmark the levels of prices they need to embed within business decisions in order to be on track with the transition.

In cities around the world we have seen unprecedented engagement on climate change, with a 10-fold rise in cities disclosing to CDP over the last six years. CDP is an essential pillar within the work of the Global Covenant of Mayors for Climate and Energy and the C40 Cities Climate Leadership Group, providing the established reporting framework and evidence base with which cities and key partners can track emissions reductions, adaptation progress, and share best practice. Cities are increasingly implementing local policies that recognize sustainability investments as essential to developing new markets, creating jobs and making their cities more attractive places to live and work.
Cities around the world are coming together through the Global Covenant of Mayors for Climate and Energy, the largest mayor-led coalition of its kind, to collaborate, share information and create the new low-carbon future.

There has been a near 20-fold increase in the number of climate actions taken by cities over six years of CDP data requests.
The next few years are critical to securing long-term global stability. Science demands that greenhouse gas emissions must peak around 2020 in order to avoid catastrophic disruption and the protection of forests is a prerequisite for a stable climate. Reliable supplies of water are under stress in many parts of the world due to increasing demand and climate change.

Failure to act creates systemic risks to the global ecosystem that underpins human prosperity and quality of life.
We will work to make environmental action a priority for good governance:

We will bring climate governance into the boardroom of every major corporation in the world.

By providing board members with the information and tools to plan for a below 2-degree transition and by publicly monitoring their progress, climate mitigation will become part of their required modus operandi.

Good governance requires environmental risk assessments in direct operations and supply chains. This will help sharpen the focus on energy efficiency and change the energy mix from fossil fuels to renewable energy, as well as ensure that current and projected water requirements for energy production are considered. It will also increase the sustainable production of palm oil, soy, cattle and timber products, which are the biggest drivers of deforestation.

Companies are responsible for close to 70% of global emissions.
We will incentivize cities, states and regions to take ambitious climate action and build greater resilience.

We will motivate cities, states and regions to undertake risk assessments, create climate action plans with ambitious emission reduction targets and build greater resilience through climate adaptation planning. Through our new scoring methodology for cities, and in partnership with the Global Covenant of Mayors for Climate and Energy, C40 Cities Climate Leadership Group and the Under2Coalition, we will raise understanding of climate change risks and focus attention on the transition to clean energy, which will improve air quality, increase the electrification of the city transport network and boost energy efficiency in buildings.
We will work to ensure that water is recognized as a valuable and strategic asset at the highest levels of corporate and city governance.

We will provide the data and tools to drive active water stewardship from companies, cities, states and regions in the areas where they operate. This includes developing and promoting the adoption of methodologies for water targets, which are relevant to the regional context. Conducting risk assessments at the river basin level, reducing impacts on water availability and improving water quality, will together help to ensure the sustainable management of water for all. This will increase the protection of watersheds and contribute to the achievement of the United Nations’ Sustainable Development Goals (SDGs).

According to the World Bank, without action, water availability in cities will reduce by as much as two-thirds by 2050 due to climate change, energy production and agriculture.
Measurement, transparency and accountability have never been more important. CDP is the comprehensive tracking mechanism to assess the progress being made toward a below 2-degree Celsius, water-secure world.
CDP will be integral to global efforts to meet both the aims of the Paris Agreement and the SDGs. Critical to the implementation of the Agreement will be the ability to interrogate and understand what individual emitters are doing to contribute to national targets.

Likewise, implementing the SDGs will require a greater understanding of how businesses are addressing deforestation and water security, which are also both essential to mitigating greenhouse gas emissions.

CDP will build its position as the premier platform and provider of company, city, state and region environmental data and insight globally. We will build a new disclosure platform to provide the flexibility, depth and reach required for the next generation of disclosure.

This will facilitate a move to sector-specific disclosure in line with the TCFD recommendations, provide multiple language coverage for economies where English is not widely used, and enable CDP to meet the requirements of key partners. This investment in our reporting infrastructure will increase the value of the data and insight we provide for all of our stakeholders to facilitate better-informed decisions.

Independent research shows companies that measure and disclose GHG emissions to CDP achieve greater emissions reductions than anticipated.¹
We will inform decision making by:

- Developing crucial new research and thought leadership that assess how companies, cities, states and regions are moving closer to a truly sustainable economy;
- Strengthening the accuracy and completeness of the environmental data available to investors, companies, cities and governments;
- Providing access to benchmarking and analytics tools, and making data available to all who need it;
- Sharing data through many partners including the Global Covenant of Mayors for Climate and Energy, the C40 Cities Climate Leadership Group, the United Nations Framework Convention on Climate Change (UNFCCC) Non-State Actor Zone for Climate Action (NAZCA), the Under2 Coalition and We Mean Business among others.

We will implement sector-based disclosure and scoring.

Taking a high impact sector focus across our corporate work will increase the value that we deliver to both investors and companies. Sector focused disclosure and scoring will empower investors to undertake strategic engagement and portfolio allocation decisions. For companies this will enable peer-to-peer benchmarking and comparison.

We will make targeted data requests to cities, states and regions.

These will take into account regional priorities, development status and affiliations. Our disclosure platform will drive ambitious climate action amongst cities with the addition of a new scoring methodology in 2018.

We will increase the use of and access to asset-level data.

As part of our focus on energy intensive sectors we are part of the Asset-Level Data Initiative. Partnering with the University of Oxford's Smith School of Enterprise and Environment, the 2 Degrees Investing Initiative and Stanford University, we will make accurate, comparable and comprehensive asset-level data tied to ownership publicly available across key sectors and geographies. This will enrich the CDP data set powering our work on scoring, enhancing our research capabilities and enabling us to gain insight into the progress of heavy emitters in areas where disclosure is not yet the norm.

We will integrate disclosure on climate change, water security and deforestation to build resilient supply chains.

Climate change, water security and deforestation present significant risks and opportunities for corporate supply chains. We will help purchasing organizations collect standardized data from their suppliers on climate and water impacts, and the sourcing of the four commodities driving most deforestation. This is essential for managing the risks that they are exposed to deep within their supply chains and capitalizing on the ever-growing opportunities of supplier collaboration, in order to build sustainable, resilient supply chains.

We will focus on China and India.

As China and India emerge as market superpowers with heavy carbon footprints and substantial water challenges we will scale up climate and water disclosure. In the Latin American and Southeast Asian economies we will focus our work on deforestation as they supply the demand for forest-risk commodities coming from the US, Europe and China.

We will work with partners to increase linkages, alignment and harmonization amongst reporting frameworks and standard setters.

In order to drive efficiencies in disclosure and ensure environmental risk further mainstreams as a governance issue we will work with both sustainability and financial reporting standard setters. This will include harmonizing with the TCFD recommendations and through the Corporate Reporting Dialogue.

We will provide investors with the environmental data needed to change investment outcomes.

As responsible stewards of capital, investors have a duty to protect their clients’ assets over the long term. CDP data will underpin new investment research and products, from low-carbon indices to exchange-traded funds. Our data and sector-specific insights ensure investors are better equipped to gauge how companies are managing environmental risk, empowering investor engagement and reallocation of capital to ensure resilient portfolios.

We will provide evidence to support the adoption of regulations.

We will catalyze the adoption of policies and regulations to achieve a below 2-degree, water-secure world by providing policymakers with the information that they need. For example, in Brazil, China, Peru, Colombia and the EU as well as other geographies we will inform policymakers with the information that they need. For example, in Brazil, China, Peru, Colombia and the EU as well as other geographies we will inform policymakers about barriers to removing deforestation from supply chains in order to drive improvements in relevant policies and public-private partnerships. At the international level we will provide evidence of action to UN bodies such as the UNFCCC in order to strengthen and improve global environmental policies and frameworks.
From the adoption of science-based emission reduction targets and carbon pricing to accelerating action on water security, we know what needs to be done to reach a tipping point that will mainstream environmental action.
CDP is at the forefront of groundbreaking new initiatives that deliver high quality information and analysis, methodologies and expert guidance that enable companies, investors, cities, states and regions to plan for a sustainable future.

Making science-based target setting standard business practice. As a co-founder of the Science Based Targets initiative partnering with WRI, WWF, the UN Global Compact and We Mean Business, we have established the methodologies for companies to set ambitious targets in line with the level of decarbonization required to limit global warming to below 2-degrees Celsius. Through building the business case and investor and procurement engagement we are now scaling science-based targets and Paris-compliant business plans as the new norm. The same principle will be applied to the setting of meaningful and measurable Context Based Water Targets. In collaboration with major NGOs, we will develop a common methodology that assists companies in setting context-based targets fundamental to ensuring sustainable and equitable water resources over the coming years.

273 Companies

The emissions of companies that have committed to take science-based climate action are comparable to over 152 million cars being driven for one year.
Providing companies with the sector methodologies they need to assess their progress in the low-carbon transition. As a lead partner in the new Assessing low-Carbon Transition (ACT) project along with the French Environment Agency, ADEME, we will drive the adoption of assessment methodologies across high-emitting sectors. These will enable companies to understand the extent to which their commitments and climate strategies are on track to achieve the decarbonization required for a below 2-degree world. Working with investors and government departments we will provide an assessment of company progress, align CDP’s scoring methodology with these sector-specific assessments, and accelerate greater levels of corporate action.

Developing a toolkit for companies and investors to introduce an internal price on carbon that materially impacts business operations and investment decisions. Our work will scale company commitments to adopting an internal price on carbon as a key partner in the We Mean Business Commit to Action campaign as well as incentivizing action through our disclosure system. Our growing body of knowledge products and guides will help set best practice for impactful internal carbon pricing. The outputs of our Carbon Pricing Corridors initiative will allow companies to benchmark the levels of prices they need to implement. These corridors will provide a vital tool for companies and investors in preparing to stress test and instigate scenario analysis for TCFD-compliant disclosures as well as guiding investment decisions.

ACT

500+
Companies

Through our collaboration with the We Mean Business coalition we have catalyzed over 500 companies with US $8 trillion of revenue to make nearly 1000 ambitious commitments on climate action.
Expanding our award-winning investor research to transform investment approaches. Our research helps investors understand which companies in key sectors are best and least prepared for the low-carbon transition, enabling investors to build this into their respective investment approaches. Voted number one climate research provider by investment professionals through Extel and SRI-CONNECT, the research spotlights the highest emitting sectors and analyzes the risks and opportunities presented by a transition to a low-carbon economy, linking environmental metrics to financial performance. The research is available to all of the investors CDP works with and via Bloomberg terminals, providing unprecedented access to those working in financial markets.

Facilitating private and public sector collaboration to accelerate local climate action. The strength of CDP’s connections across the private and public sectors is a powerful force for accelerating the transition to more sustainable urban areas. Collaboration amongst city authorities, state and regional governments and their local businesses is essential to reducing the varying impacts resulting from climate change. CDP will drive commitments from these different actors on their climate actions – from setting science-based targets to removing deforestation from supply chains – so they can work in partnership to realize them. Increased dialogue between cities and investors will also help drive private finance into urban climate projects and reduce adverse environmental impact.

522

Investors working with high-emitting companies through CDP’s Carbon Action initiative achieved reductions of 522 million tonnes of CO₂ in a year, equivalent to shutting down 150 coal-fired power stations.

277

277 cities disclosing to CDP are seeking private sector involvement on 720 climate-related projects worth US$26 billion.
Leveraging the power of procurement to drive change at greater pace and scale through supply chains.

CDP will change the way organizations buy goods and services. Using the power of large purchasing organizations with trillions of dollars of procurement spend, CDP will ensure that tens of thousands of suppliers around the world are incentivized by their customers to behave in a more sustainable way. Through CDP, major purchasers will work with their suppliers to help them adopt ambitious targets to reduce emissions and work towards setting science-based targets, which will significantly reduce emissions throughout the supply chain. They will also work with suppliers around the world to accelerate innovation and the uptake of solutions that minimize their environmental impact.

In 2016 suppliers worldwide reported reductions equivalent to 434 million tonnes of carbon dioxide – more than France’s total GHG emissions in 2014.
DELIVERING FOR SUCCESS

State of the art technology, financial resources, a powerful global brand and a talented team will shape CDP’s future.
**A new operating model:** We will redesign our operating model to maximize our ability to innovate and provide an outstanding service to the investors, companies, cities, states, regions and governments we work with. We will invest in our team to ensure they have the skills and passion to drive change. Our new model will provide enhanced governance and consistent principles and procedures for the way we work.

**Global communications:** We will raise CDP’s brand awareness and impact by growing our capacity for strategic marketing and extending our communications skills in key priority markets. Building our content capabilities with clear messaging, thought leadership and strong storytelling will inspire behavior change.

**Financial growth:** Increasing our financial resources is critical for delivering our plans. We operate a mixed model of charging private sector actors for value-add services in addition to receiving income from philanthropic and government sources. Over the next three years, we aim to grow our annual income from US$20 million to in excess of US$30 million.

**Tracking our progress:** We will measure our progress in meeting the ambitions of our strategy on an annual basis against key performance indicators. The impact we achieve will be reported through our website.
For more information please contact:

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We developed our strategy through dialogue with leading investors, companies, cities, states, regions, national governments and many other voices at the vanguard of change. We thank everyone who has provided their insights, experience and passion to our work. By continuing to challenge each other we will raise the bar of best practice on environmental protection.

Paul Simpson CEO