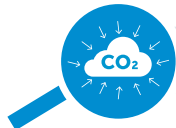




Insight



CDP 2019 Factsheet

THE POWER OF DISCLOSURE



WHAT THE EXPERTS SAY

Reducing your business's environmental impact and consumption of natural resources is absolutely essential in order to stay in business and attract investors and clients. The CDP is a global system that directs companies to think carefully about the sustainability of their business. What action are they taking to reduce emissions? Is sustainability a core-element of their business strategy? By responding to CDP questionnaires in a strategic manner, organisations not only gain credibility among investors and clients, but they will also be able to carefully scrutinize their own resilience to remain competitive in a resource constrained global economy.



Silvana Claassen

Senior Carbon Advisor &
Technical Lead on CDP

CDP runs a global disclosure system that assesses corporates and cities which voluntarily disclose against questionnaires relating to **Climate Change**, **Water**, **Forests** and **Supply Chains**.

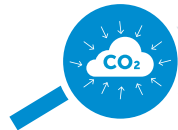
The organisation works on behalf of 872 investors representing US\$100 trillion in assets, and around a third of the world's invested capital. The disclosure scores published by CDP allow these investors to see that companies are incorporating sustainability into their business strategy and practices, so that they can assess the climate change risk in their investment portfolios. Investors now more than ever, want to know their money is backing companies who will be there in the long term. Your business may choose or be asked by stakeholders to disclose to CDP.

In 2018, over 7,000 companies disclosed to CDP, an increase of 11% on the previous year. Reporting

CDP IN SOUTH AFRICA:

In South Africa a decade of CDP data has shown South African companies responding to CDP to be consistently ahead of their responding global peers across many metrics. However, there are signs that this momentum is slowing and that South African companies (along with the private sector broadly) may need to consider how to both maintain and intensify efforts to reduce emissions and address the impacts of climate change.

companies now represent over 50% of global market capitalisation. This indicates the growing importance of corporate sustainability and the increasing demand of stakeholders and investors for climate and sustainability transparency.



2018 RECAP

Although there are minimal changes in 2019, companies are likely still grappling with the revised requirements for 2018, which might have posed a challenge and impacted scoring for some.

The reason for these major changes was in large part a response to the Taskforce on Climate-related Financial Disclosures (TCFD) and its recommendation to develop consistent and coherent guidance for companies to disclose their climate-related risks. The TCFD also places much emphasis on governance, strategy and scenario analysis for the purpose of better determining the financial implications that climate change poses to business.

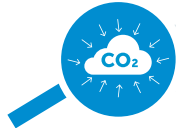
As such, the questionnaires were overhauled to ensure that these are still relevant and aligned to the constantly changing dynamics of climate change as well as the new expectations and needs of investors.

For many businesses, the emphasis on governance, strategy and risk & opportunities posed a challenge as this requires demonstration that sustainability is embedded in wider business governance, which is no mean feat. There is no quick fix for achieving this unfortunately. However, understanding the information CDP is asking for can ease the disclosure process, as well as improve your strategy going forward.

SUMMARY OF MAJOR 2018 CHANGES:

- 27 new questions were added to the Climate Change questionnaire focusing on carbon-pricing, climate scenario analysis and risk assessment integration.
- A new question flow where governance, risk & opportunities and strategy are now at the beginning of the questionnaire
- A new section on the "price of carbon"
- Amendments were made for further alignment to other reporting frameworks such as GRI and SDGs
- Sector specific questions were made mandatory for organisations in the Agriculture, Energy, Materials and Transport sectors.
- A new Online Response System (ORS) was launched the prescribed threshold per emissions source.





THE CDP A LIST ★

The A list was founded in 2011 and is now seen as the gold standard for corporate disclosure on climate ambitions and progress. Globally less than 2% of climate change respondents made the A list in 2018. In South Africa 11 companies out of 113 made the A-list (10%), well above the global average (2%).



2019 UPDATES

In 2018 the CDP disclosures and system for submissions underwent significant change in order to increase the level of disclosure around climate strategy and risk management. The good news is that this year over 90% of the questionnaires remain the same. This is in response to feedback and to allow for consistency, year-on-year trend analysis and to streamline disclosures by enabling the 'copy from last year' feature on the online system.

The changes can be briefly summarised as follows:

- No new questions for Climate Change Questionnaire.
- Only one new question for Water Security and Forests, pertaining to 'Water-related'/'Forest-related' risks in mainstream financial reporting.
- Coal, Metals & Mining sectors in the Forests Questionnaire will receive a new set of unscored questions as part of a pilot to phase in more disclosures
- The anticipated Financial Services sector has now been postponed until 2020.

2019 TIMELINE

MARCH

Final version of reporting guidance and methodologies released by CDP.

APRIL

The Online Response System (ORS) opens for 2019 submissions.

31 JULY

Submission deadline for all four questionnaires (the Supply Chain no longer has a later submission deadline).

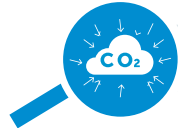
NOVEMBER

Scores and public responses available.

Companies who disclose are scored and provided with a grade (between A – D-) which is publicly published annually. Companies that have been requested to respond but declined to disclose will by default receive an F grade.



Insight



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THE POWER OF DISCLOSURE

MAXIMISING YOUR DISCLOSURES FOR 2019

If you have been asked to respond, were disappointed with your 2018 score or chasing the A list ranking, Climate Neutral Group is here to help. This is how we can support you in improving your 2019 CDP disclosures.



Pre & post scoring gap analysis

This is vital to understanding the information that you might be missing and knowing where you have work to do. Reviewing the previous year's submitted response against the current year's criteria will be the first step to identify information gaps and areas of improvement.



Drafting & data support

Consider accessing support in training and upskilling your staff to respond to the questionnaires correctly and efficiently. Or alternatively, in gathering the data and information required, either by obtaining guidance or external management of the whole process.



Submission enhancement

If you have all the information, it might be that you need support in enhancing and formatting the submission to best meet the CDP scoring criteria. This support can be tailored to the stage your company is in in your climate journey, and your aspirations for your CDP score.



Risk & opportunities analysis

This was a challenging new aspect to the 2018 questionnaires and we can help you to identify, assess and present your climate change risks and opportunities to CDP and integrate them with business strategy, and even help you to tackle Climate Scenario Analysis for long term mitigation and strategy planning.



Scope 3 emissions assessment

Assess, quantify and manage your value chain emission sources, which will help you to improve your score.



Emissions verification

Verification of your carbon footprint provides confidence in the numbers you report, which will benefit your submission.



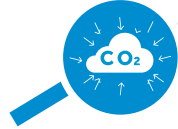
Science-based targets (SBTs)

It is worth considering setting a science-based target. These targets show a strong commitment to emissions reductions in line with science and will provide you with extremely strong material for your disclosures.

Becoming a CDP A-lister



leading the way



INSIGHT. REDUCTION. OFFSETTING.



Climate Neutral Group is an international provider of carbon management and offsetting services. We partner with brands, businesses, and organisations across all industries, placing their climate ambitions at the heart of their operations. By simplifying the challenges and complexities involved, we help you compete and prosper in a low-carbon world. Besides providing carbon management and offsetting services, we are an established carbon tax consultant in South Africa.

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