



Carbon Disclosure Project

The Carbon Disclosure Project (CDP) is one of the largest disclosure systems centered around climate change, water security and deforestation. It provides a framework for companies, cities, states/regions, and public authorities to measure and disclose their impact across these categories. Disclosing entities can use this data to make better informed climate, water and deforestation decisions, while the CDP uses aggregated data from collective disclosures to inform the general public about levels of global progress being made on critical climate issues.

<https://www.cdp.net/en>

THE BASICS

A global environmental disclosure system for carbon risks and opportunities. The Carbon Disclosure Project (CDP) provides a framework for measuring and managing risks and opportunities across climate change, water security, and deforestation.¹ The CDP evaluates and assigns scores to officially submitted questionnaires. These scores are a type of ESG rating which companies, investors, and other stakeholders use to make better informed operating, investing and partnership decisions.²

Robust sustainability data set. After 20 years of history, CDP has become one of the most comprehensive sustainability data sets in existence. Its data is used to inform policy and track global progress towards climate goals.³

USEFUL FOR

Disclosure options for four types of entities in three carbon categories. CDP has disclosure standards for companies, cities, states/regions, and public authorities (launched in 2022). The vast majority of disclosures are submitted by companies, with over 13,000 in 2021.⁴ Entities can utilize CDP frameworks for climate change, water security, and deforestation. Climate change has consistently been the largest disclosure category, with water security and deforestation representing smaller percentages of overall disclosures.⁵

By the numbers: Disclosures in 2021 by entity and category

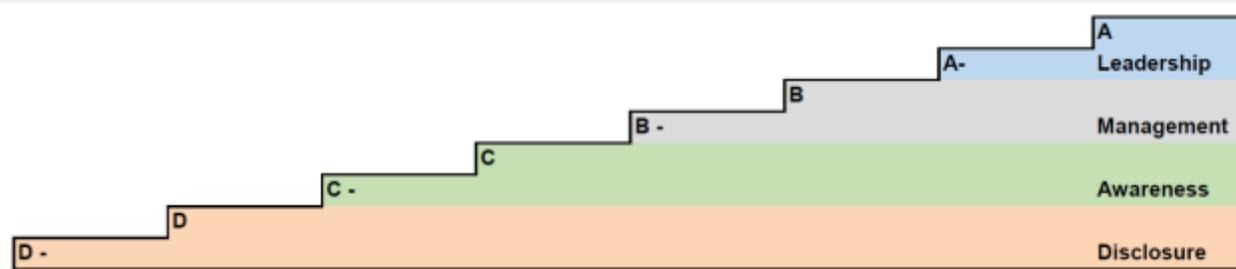
Companies:	Over 13,000
Cities:	Over 1,000
States/Regions:	96
Public Authorities:	New category launched 2022
Climate Change:	13,126
Water Security:	3,368
Deforestation:	864

Roadmap for improvement on carbon emissions. Participating entities need to fill out a comprehensive questionnaire to gain the full benefit of a CDP disclosure, although even with partial or missing answers to categories, the questionnaire serves as a roadmap for future improvements.

IMPLEMENTATION & IMPACT

Questionnaires submitted by a specific date each year and then scored. Every January, the CDP releases its 24 key indicator questionnaire that can be submitted starting in April. Based on feedback from investors and customers, the final questionnaire must be submitted at a specific date to be considered for scoring.⁶ Scores range from an F to an A, calculated from the cumulative contribution of disclosure, awareness, management, and leadership categories.⁷

Four consecutive levels or steps a company moves through as it progresses towards environmental stewardship



Source: Carbon Disclosure Project, Scoring Introduction 2022. Accessed 4/4/2022.

Most disclosure questionnaires utilize Greenhouse Gas Protocol accounting standards to calculate Scope 1, 2, and 3 emissions. Scope 1 includes direct emissions from owned and controlled resources, Scope 2 includes indirect emissions from the consumption of purchased energy, and Scope 3 includes all indirect upstream and downstream emissions.⁸



Source: Little Black Book, *What's a Scope – Carbon Reduction 101 for Media* Accessed 11/1/2022.

Global reporting frameworks are aligning and linking their own reporting to be in line with CDP. For example, organizations which disclose under the Global Reporting Initiative (GRI)⁹ or the Task Force for Climate Related Financial Disclosures (TCFD)¹⁰ are

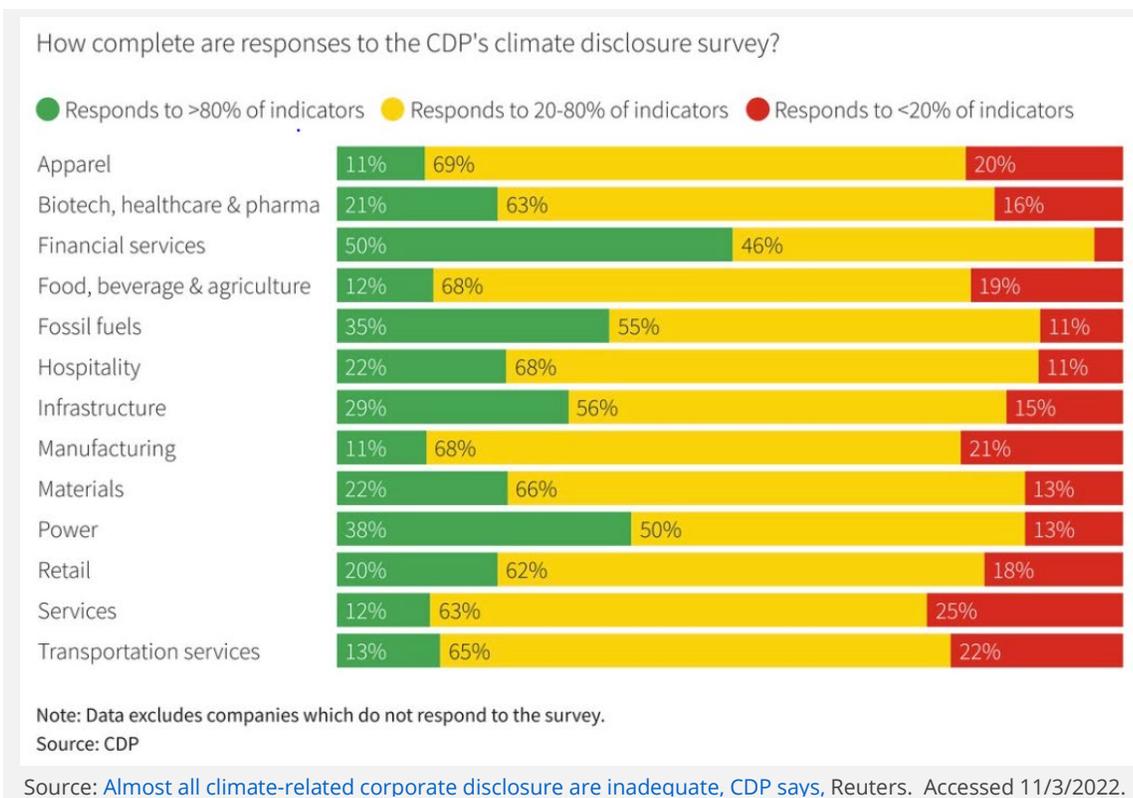
already answering questions that are derived from existing CDP questionnaires, revised in partnership with the CDP.

Consultants to the rescue. Companies can be overwhelmed by the amount of information requested through CDP, and specialized consultants are stepping in. Consultants can help companies complete the CDP questionnaire and drive improvements in scores.

Standardized impact reporting metrics. Considering the [five dimensions of impact](#), CDP helps define the *WHAT* dimension, defining certain outcomes related to reduced emissions targets, water security, and deforestation. These standardized reporting metrics allow investors and investees to streamline their reporting, undertake year-over-year comparisons, and conduct portfolio comparisons.

CURRENT GAPS

Majority of submitted disclosures are incomplete. Submitting information across indicators is voluntary, and CDP’s assessments are private. As a result, CDP has found that a majority of submitted disclosures are below the threshold number of indicators the CDP judges as necessary for a credible plan for transitioning to a lower carbon economy.¹¹



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- ¹ <https://www.cdp.net/en/info/about-us/what-we-do>
 - ² <https://www.rio.ai/blog/making-the-cdp-a-list-your-guide-to-cdp-reporting#:~:text=What%20is%20a%20CDP%20score,are%20calculated%20using%20questionnaire%20responses>
 - ³ <https://www.cdp.net/en/companies-discloser>
 - ⁴ <https://www.cdp.net/en/companies/companies-scores>
 - ⁵ <https://www.cdp.net/en/companies/companies-scores>
 - ⁶ <https://www.cdp.net/en/companies-discloser/how-to-disclose-as-a-company>
 - ⁷ https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/000/233/original/Scoring-Introduction.pdf
 - ⁸ <https://plana.earth/academy/what-are-scope-1-2-3-emissions/>
 - ⁹ <https://www.globalreporting.org/media/zrtnajcx/gri-standards-and-cdp-2017-climate-change-linkage-document.pdf>
 - ¹⁰ <https://www.cdp.net/en/guidance/how-cdp-is-aligned-to-the-tcdf>
 - ¹¹ <https://www.reuters.com/business/sustainable-business/almost-all-climate-related-corporate-disclosures-are-inadequate-cdp-says-2022-03-03/>