

# Carbon Disclosure Project – Information Pack

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Contact  
[comms@cdproject.net](mailto:comms@cdproject.net)  
Tel +44 (0) 20 7415 7083  
[www.cdproject.net](http://www.cdproject.net)

# An introduction to CDP

"Climate Change is one of the greatest challenges of the 21st century... It is extremely important for investors to take account of climate change in their decision making. I wish the Carbon Disclosure Project success with its further efforts both in Germany and worldwide."

**Dr Angela Merkel, German Chancellor, September 2006.**

"CDP data is essential for our corporate governance engagement to boost long term value of the Teachers Pension Fund. Our use of data targets companies and market sectors for efficient resources. We depend on the credible, solid CDP data for voting our proxies and as a screen for our performance based focus list that we do each year."

**Jack Ehnes, CEO, CalSTRS, 2008**

"The Carbon Disclosure Project is vital, and we've got to get everybody to participate in it. Climate change is a problem of prosperity and of unexamined processes and making investment decisions which may have made sense yesterday, but, don't make sense for tomorrow."

**Bill Clinton, 2007**

CDP was launched at No.10 Downing Street in 2000 and now hosts the world's largest registry of corporate greenhouse gas (GHG) data. It has become the first ever independent global standardised mechanism by which companies report their greenhouse gas emissions and assessment of climate change risk.

Over 385 institutional investors, ranging from pension funds like CalSTRS and insurance companies like Allianz, Axa and Swiss Re through to mainstream blue chip asset managers such as Barclays, Goldman Sachs, Merrill Lynch, Mitsubishi UFJ and Morgan Stanley are signatory supporters. With combined assets of \$57 trillion, these investors own much of the world's largest public companies. On their behalf, CDP collects climate change and carbon emissions data from more than 1550 large companies globally.

In 2007 CDP launched Corporate Supply Chain operations, widening the focus to encompass the emissions resulting from a company's supply chain and the risks and opportunities in relation to climate change. Corporations including Boeing, Cadbury, P&G, Tesco and Wal-Mart, are using the CDP system to gain an understanding of supply chain emissions from activities such as processing, packaging and transportation which often exceed those arising from an individual purchasing company's own operations.

This programme has recently been extended to the public sector, working with organisations including the UK Foreign and Commonwealth Office to support moves to drive carbon efficiencies within public procurement.

In 2008 some 30 US Cities committed to reporting their carbon emissions, risks and opportunities through CDP, broadening CDP's involvement further within the Public sector.

CDP sends out an annual Information Request on behalf of these investors and purchasing authorities to more than 5,000 companies annually, asking them to disclose their greenhouse gas emissions and assessment of risks and opportunities which arise from climate change.

CDP uses stakeholder leverage to encourage meaningful corporate responses and is persuading companies all over the world to measure, manage, disclose and ultimately reduce their energy use and GHG emissions.

CDP's unique model enables it to remain entirely independent and transparent in all its practices. This has created a brand that generates high levels of confidence and trust. CDP's online database is now the largest registry of corporate GHG emissions and corporate climate change strategies in the world.

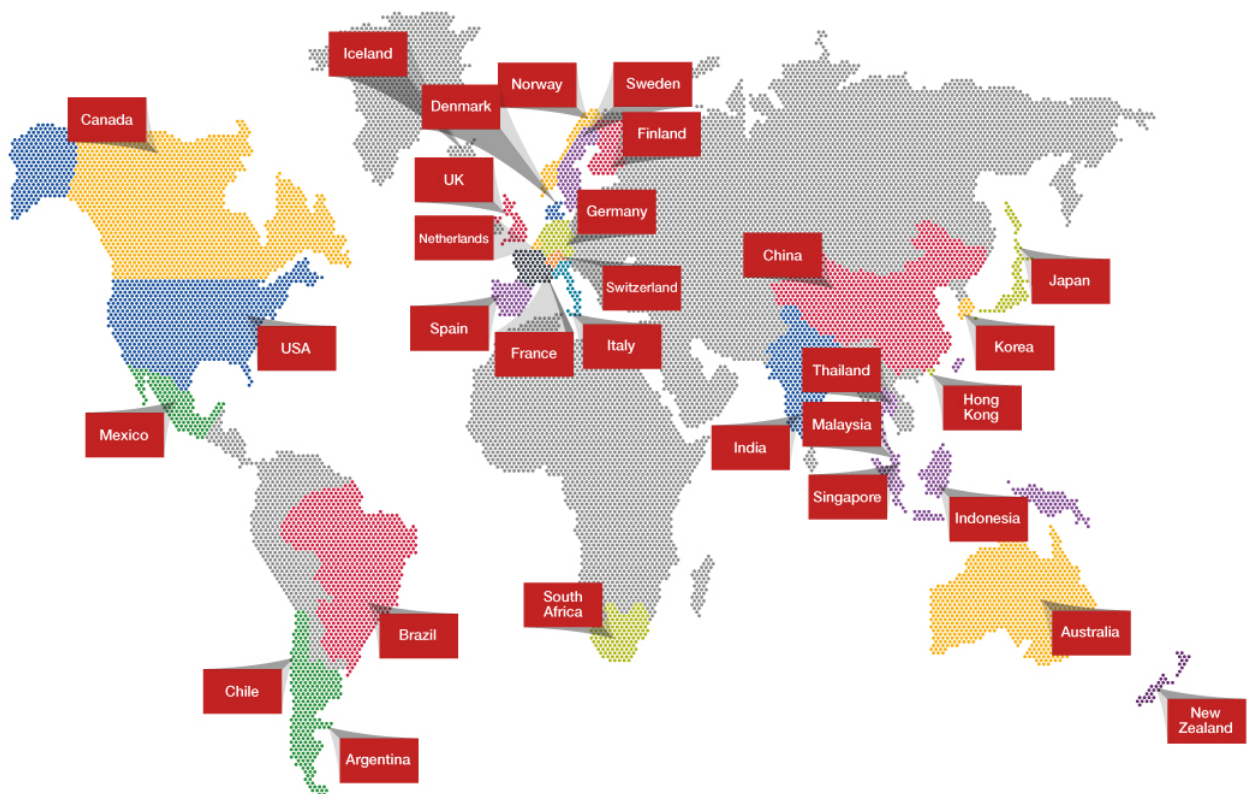
CDP has been applauded by Bill Clinton (former US President), Al Gore (former US Vice President), Jeff Immelt (CEO, General Electric), Rupert Murdoch (Chairman, News Corporation), Angela Merkel (German Chancellor) and Tony Blair (former UK Prime Minister).

“The first step towards managing carbon emissions is to measure them because in business what gets measured gets managed. The Carbon Disclosure Project has played a crucial role in encouraging companies to take the first steps in that measurement and management path.”  
**Lord Adair Turner, Director of Standard Chartered plc, 2006**

“Before CDP we had no comprehensive data on corporate greenhouse gas. But with CDP, policy makers, investors and companies themselves can take better informed decisions”  
**Fredrik Reinfeldt, Swedish Prime Minister, 2007**

### CDP Reach

- More than 2000 companies reported through CDP in 2008, including 77% of the Global 500 companies and the Information Request will be sent out to more than 6,000 companies in 2009.
- CDP operates in some 20 major economies and every year the CDP reports are launched at high profile events, featuring speakers such as Bill Clinton, Al Gore and Lord Adair Turner in locations from New York to Tokyo, Paris, London, Beijing and Johannesburg.
- Investors, senior corporate managers, policymakers, media and academics use CDP data to inform on corporate greenhouse gas emissions and on corporations’ strategies for responding to the challenges and opportunities associated with climate change.
- CDP is covered extensively in all the world’s major publications including Wall Street Journal, New York Times, Financial Times, The Economist, Time magazine, Fortune, as well as BBC and NHK. CDP is covered ten times every day in media outlets globally.



"This Carbon Disclosure Project has been visionary in helping businesses understand the risks and opportunities posed by climate change. The CDP provides a trusted way to report our energy and carbon performance."  
**Rupert Murdoch, NewsCorp 2007.**

"The Carbon Disclosure Project has played a critical role over the last 6 years of ensuring that the risks and opportunities of climate change are considered by companies, and that they are reported in a consistent and comparable way. We believe that taking a global approach to tackling climate change is imperative. Making information available is a critical step to understanding what can be achieved. The Carbon Disclosure Project is leading the way in facilitating this progress. "  
**Peter Sands, CEO Standard Chartered, 2008**

"Disclosure can spur innovation. The Carbon Disclosure Project collates data about the greenhouse gas emissions of many of the world's largest companies. Now in its sixth year, it has published emissions data for 1,550 groups, representing \$57,000bn (€45,200bn, £38,700bn) of investor assets under management and accounting for a quarter of the world's man-made greenhouse gas emissions. The CDP has shown that internationally consistent disclosure not only helps to pinpoint risk but also to generate opportunities."  
**Financial Times, Nov 2008**

## Areas covered in CDP questionnaire and reports

1. Analysis of the climate change related risks and opportunities
2. Strategy to respond to the risks and opportunities
3. GHG emissions accounting
4. GHG emissions management, reduction and cost implications
5. Climate change governance.

## CDP working with corporations to reduce emissions

### Case Study

CDP plays a vital role in providing companies with valuable insight into their operations, which can help identify ways to reduce their greenhouse gas emissions and at the same time increase profitability.

Jim Stanway, Wal-Mart's Director, Project Development told us "Over the past two years, Wal-Mart has gained a new appreciation of the CDP process and decided to file its CDP06 submission. This process provided the company with valuable insight, including data showing the refrigerants used in grocery stores made up a larger percentage of the company's greenhouse gas footprint than its truck fleet. Although a significant effort is focused on trucks to improve their fuel efficiency, this new insight is focusing Wal-Mart on the potential of reducing its refrigerant footprint".

Wal-Mart is now committed to reduce its \$2 billion annual energy consumption by 20%, and increase the proportion of energy sourced from renewables to 60%. Wal-Mart is just one of more than 1,550 large capitalisation companies impacted by their disclosure through CDP.

### Use of CDP Data

CDP data is used in wide range of ways by institutional investors for example - in corporate engagement, production of sell side research, creation of investment products and indices and the issuance of shareholder resolutions.

Senior management within Responding Corporations use the data to benchmark against competitors and to identify scope for emissions reductions across the business. Members of CDP Supply Chain use data to improve understanding of their indirect emissions through the supply chain.

CDP data is also used by policy makers and CDP works closely with government advising on disclosure and carbon reporting.

## Funding Strategy

- CDP is entirely independent and funding comes from a wide range of donors including the Nathan Cummings Foundation, Esmee Fairburn Foundation, UK, US, Swedish, French, Dutch and Australian governments.
- CDP also receives funding from its corporate sponsors, its membership package, launch and event sponsorship as well as partnerships.

### CDP income

Grants and Donations	<b>18.3%</b>
Corporate Sponsorship	<b>30.0%</b>
International Partnerships	<b>15.1%</b>
Memberships	<b>5.1%</b>
Special Projects	<b>28.7%</b>
Other sources	<b>2.8%</b>
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Total	<b>100%</b>

### CDP expenditure

Core operations	Compilation of survey, circulation, collection and collation of responses, production and launch of reports.	25%
Investor Relations	Recruiting of signatories and members.	9%
Global reach	Promotion of CDP to extend reach of survey worldwide.	25%
Reporting standards	Work with Governments, global forums, industry and accountancy bodies on standardisation of reporting.	5%
Government relations	Working with Governments worldwide to encourage reporting of carbon emissions as a precursor to action.	4%
Working with commercial organisations	Extending carbon emission reporting through supply chains as a precursor to action.	20%
Research	Into use of alternate energy sources by organisations with the aim of sharing best practice worldwide.	2%
Central Services	Accountancy, legal costs, support services.	10%

## Legal Status and Directors

The Carbon Disclosure Project is a Registered Charity no. 1122330. and a company limited by guarantee registered in England no. 05013650. It is also a Special Project of Rockefeller Philanthropy Advisors with 501(c)3 charitable status in the USA.

### Trustees:

**Robert Napier** (Chairman of the Trustees), Chairman of the MET Office, Director of Anglian Water and English Partnerships and former CEO of WWF-UK and former Chief Executive of Redland plc.

**Doug Bauer**, Senior Vice President at Rockefeller Philanthropy Advisors (RPA) in New York. Former President of the Goldman Sachs Philanthropy Fund.

**Alan Brown**, Group Chief Investment Officer, Schroders, previously Group CIO at State Street.

**James Cameron** Chairman Climate Change Capital. Former adviser to Baker Mackenzie and negotiator on the Kyoto Protocol.

**Jeremy Smith**, Investment Director, Berkeley Energy, formerly Vice President at Tersus Energy plc and one of the co-founders of CDP.

### Management:

#### **Paul Dickinson, Chief Executive Officer**

Founded CDP in 2000 and previously founded and developed Rufus Leonard, Corporate Communications. Member of the Environmental Research Group of the UK Faculty and Institute of Actuaries. Author of publications including 'Beautiful Corporations'.

#### **Paul Simpson, Chief Operating Officer**

At the forefront of CDP expansion since its inception in 2000. Previously worked with Chesham Amalgamations and Investments Ltd, the largest independent M&A broker in the UK. Board Member of Ethical Investment Research Service (EIRIS).

#### **Roy Wilson, Chief Finance Officer**

Qualified as an accountant in 1969 Roy has held Finance Directorships in the retail, food processing and recruitment sectors and has established and sold a successful internet-based warehousing and distribution business. He joined CDP in August 2007.

CDP is headquartered in London, with a total of 30 full time staff and several volunteers with a wide variety of professional expertise from accountants to business strategists to environmental and communications experts. There are offices in Paris, Tokyo, New York and Stockholm.

CDP also has partner organisations in some 15 countries which are involved in facilitating the CDP process in the geographies where they operate and producing the CDP country reports. CDP's relationship with its partners allows the CDP model to spread across the globe, fast, efficiently and economically.

The collection of GHG emissions data thus happens far more quickly and effectively, creating the prospect of completing the global reach for CDP over the next 5 years.