

# CDP Reporting: Towards Best Practice

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# Reasons to disclose

- ▼ Your **investors** and **customers** request your disclosure
- ▼ Water disclosure can help you **cut costs, mitigate risks, enhance brand value** and **demonstrate** leadership
- ▼ Disclosing to CDP can **reduce reporting burden, drive performance** internally and **benchmark** against peers
- ▼ Response deadline **29th June 2017**

## Thirsty business: Why water is vital to climate action 2016 Annual Report of Corporate Water Disclosure

Written on behalf of 643 investors with US\$67 trillion in assets



CDP Report 1 November 2016

Water scoring  
partner

south pole  
group

Lead partner

NORDEA BANK  
ENVIRONMENTAL MANAGEMENT

# Beyond the corporate fence

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- ▼ Many risk drivers cannot be tackled by companies alone. Collective action is needed.
- ▼ Taking action beyond the corporate fence is an essential element of water risk management.
- ▼ It is also essential for transitioning to a water secure future where there is fair access to water for all.
- ▼ CDP's water questionnaire facilitates the tracking of your company's contribution to SDG6.



SDG 6 – access  
to water for all

# Documents to help you disclose

## On the website:

- ▼ [Water Information Request](#) – the questions
- ▼ [Water Guidance document](#) – how to answer
- ▼ [Water Scoring methodology](#)

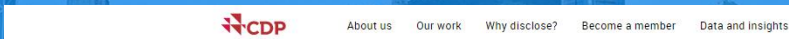
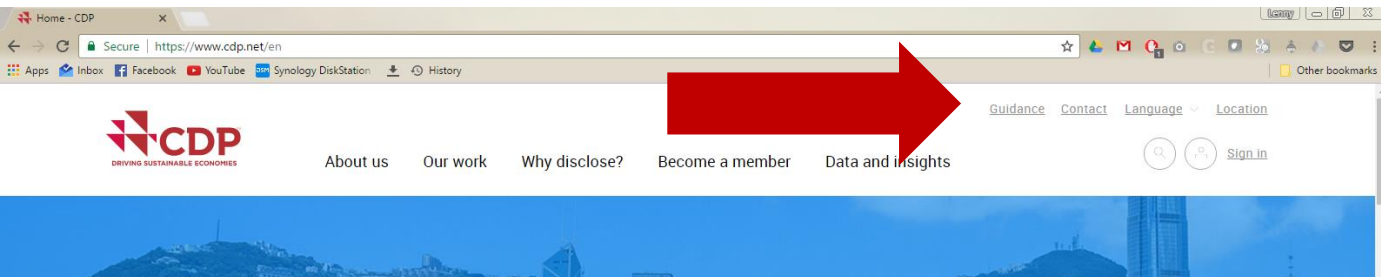
## Behind the portal:

- ▼ **Water Drafting document** – the questions, and all response options
- ▼ **Water Reporting Roadmap**



Water program guidance  
Water questionnaire guidance for  
companies responding to this year's  
information request.

# CDP Scoring Introduction 2017 document



## CDP scoring methodologies

CDP uses the scoring methodology to incentivize companies to measure and manage environmental impacts through participation in CDP's climate change, water, forests and supply chain programs. Each of CDP's questionnaires (Climate change, Water and Forests) has an individual scoring methodology. The scoring of CDP's questionnaires is conducted by accredited scoring partners trained by CDP. CDP's internal scoring team coordinate and collate all scores and run data quality checks and quality assurance processes to ensure that scoring standards are aligned between samples and scoring partners.



Climate change scoring methodology  
Question-level information on scoring for the 2017 climate change questionnaire.



Water scoring methodology  
Question-level information on scoring for the 2017 water questionnaire.



Forests scoring methodology  
Question-level information on scoring for the 2017 forests questionnaire.



Scoring Introduction 2017  
An introduction to how scoring is applied to all CDP programs.

# Documents to help you disclose

## On the website:

- ▼ [Water Information Request](#) – The water questions: “We request a reply to the following questions by 29 June 2017”
- ▼ [Water Guidance document](#)
- ▼ [Water Scoring methodology](#)

## Behind the portal:

- ▼ **Water Drafting document** – Question pathways, response options and basic instructions – behind the portal
- ▼ **Water Reporting Roadmap**



Water program guidance  
Water questionnaire guidance for  
companies responding to this year's  
information request.

# Water reporting roadmap

## How to use the Roadmap

The roadmap breaks down the questionnaire into sections matching the guidance and ORS. Please determine your average reporting stage on page 3 of this document, then complete the leading questions (and subsequent linked follow-on questions) in your stage on page 4.

To plan for future responses, you can look ahead to the next stage and anticipate future questions. For example, if you are a stage 1 responder, for section "8. Targets and initiatives", you can anticipate answering question W 8.1a by setting a quantitative target that is specific, measurable, appropriate, reasonable and time-related (SMART) which will help you move through Stages 2-4 and demonstrate best practice.

Water questionnaire	0. Non-responder	1. Basic response	2. Developing ability	3. Complete response	4. Best practice
0. Introduction	W0.1, W0.2, W0.3, W0.4,	W0.1, W0.2, W0.3, W0.4	W0.1, W0.2, W0.3, W0.4	W0.1, W0.2, W0.3, W0.4	W0.1, W0.2, W0.3, W0.4
1. Context		W1.1, W1.2, W1.3, W1.4	W1.1, W1.2, W1.2a, W1.2b, W1.3, W1.3a, W1.3b, W1.4, W1.4a, W1.4b	W1.1, W1.2, W1.2a, W1.2b, W1.2c, W1.3, W1.3a, W1.3b, W1.4, W1.4a, W1.4b	W1.1, W1.2, W1.2a, W1.2b, W1.2c, W1.3, W1.3a, W1.3b, W1.4, W1.4a, W1.4b (see scoring methodology for leadership points for this section)
2. Risk assessment		W2.1, W2.2, W2.3, W2.4, W2.5	W2.1, W2.2, W2.3, W2.4, W2.4a, W2.4b, W2.5, W2.6, W2.7, W2.8	W2.1, W2.2, W2.3, W2.4, W2.4a, W2.4b, W2.5, W2.6, W2.7, W2.8	W2.1, W2.2, W2.3, W2.4, W2.4a, W2.4b, W2.5, W2.6, W2.7, W2.8 (see scoring methodology for leadership points for this section)
3. Water risks		W3.1, W3.2,	W3.1, W3.2, W3.2a, W3.2b, W3.2c, W3.2f or W3.2g	W3.1, W3.2, W3.2a, W3.2b, W3.2c, W3.2d, W3.2e/f/g (level of detail in each response increases)	W3.1, W3.2, W3.2a, W3.2b, W3.2c, W3.2d, W3.2e/f/g (see scoring methodology for leadership points for this section)
4. Water opportunities		W4.1	W4.1, W4.1a, W4.1b, W4.1c	W4.1, W4.1a, W4.1b, W4.1c (level of detail in response increases)	W4.1, W4.1a, W4.1b, W4.1c (see scoring methodology for leadership points for this section)
5. Facility level water accounting			W5.1, W5.2, W5.3	W5.1, W5.1a, W5.2, W5.2a, W5.3, W5.4	W5.1, W5.1a, W5.2, W5.2a, W5.3, W5.4 (see scoring methodology for leadership points for this section)
6. Governance & strategy		W6.1, W6.2, W6.3	W6.1, W6.2, W6.2a & W6.2b or W6.2c, W6.3, W6.3a	W6.1, W6.2, W6.2a & W6.2b or W6.2c, W6.3, W6.3a, W6.4	W6.1, W6.2, W6.2a & W6.2b or W6.2c, W6.3, W6.3a, W6.4 (see scoring methodology for leadership points for this section)
7. Compliance		W7.1	W7.1, W7.1a, W7.1b	W7.1, W7.1a, W7.1b, W7.1c	W7.1, W7.1a, W7.1b, W7.1c
8. Targets and initiatives		W8.1	W8.1, W8.1a, W8.1c	W8.1, W8.1a, W8.1b, W8.1c (level of detail in response increases)	W8.1, W8.1a, W8.1b (see scoring methodology for leadership points for this section)

► Developed with input from investor signatories and CDP supply chain members

► You are not expected to provide a complete response in your first year of responding

► Improve the quality of your response over time

► Plan ahead to progress through levels and achieve best practice in water stewardship

# Upcoming webinars

Title	Date 1	Time - GMT	Date 2	Time 2 - GMT
Water Footprint Network: How to undertake a water footprint assessment and disclose to CDP	28th March	9am	28th March	4pm
Risky business; how to assess exposure to water risk using WRI's Aqueduct tool	12th April	3pm	15th March	3pm
Assessing water risks in your business: 5 things you need to know in conjunction with WWF	19th April	3pm		
How to use the Alliance for Water Stewardship's standard at the site level to reduce impact	1st March	3pm	5th April	3pm



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# Top tips for your 2017 disclosure

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- ▼ Answer transparently and completely - with clear explanations
- ▼ Provide company-specific explanations and make greater connections between the responses to different modules
- ▼ Assess risk and engage at an appropriate level
- ▼ Learn from the gaps in your information
- ▼ Emphasis should be on action not just a good CDP response

# Scoring

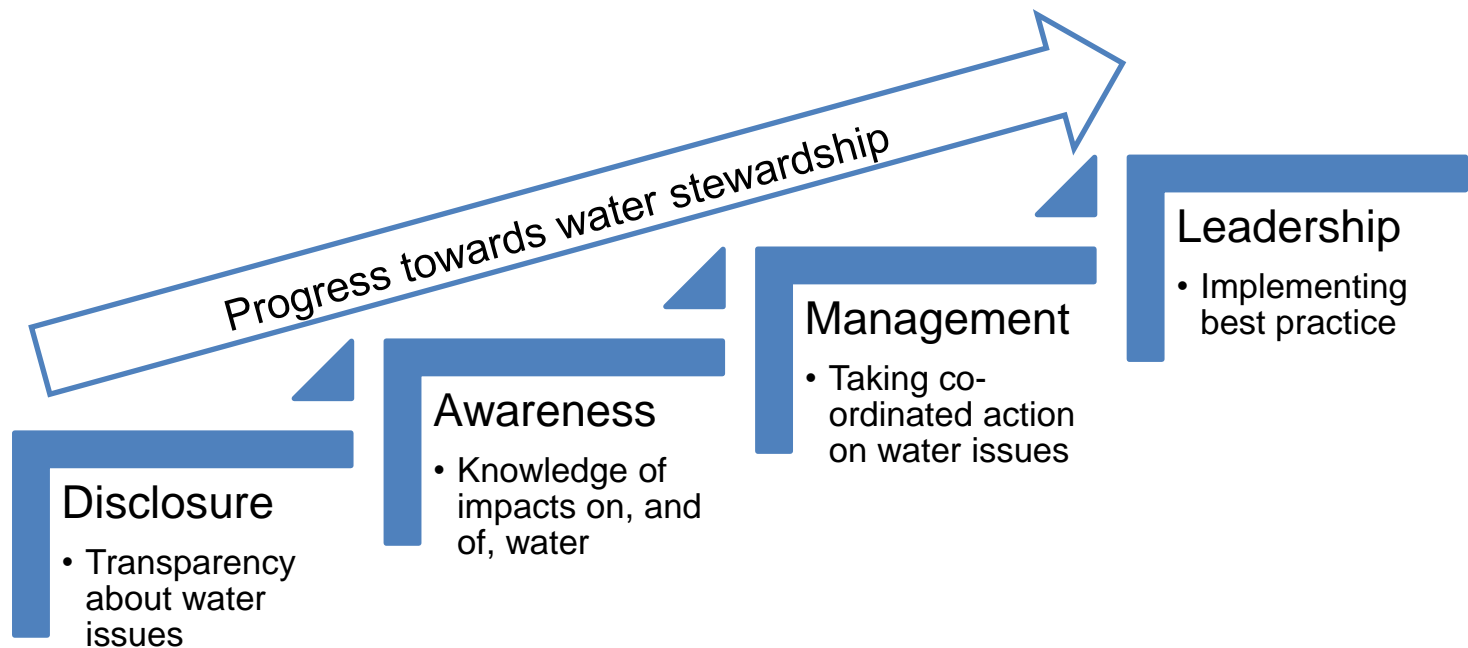
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# Water scoring: background

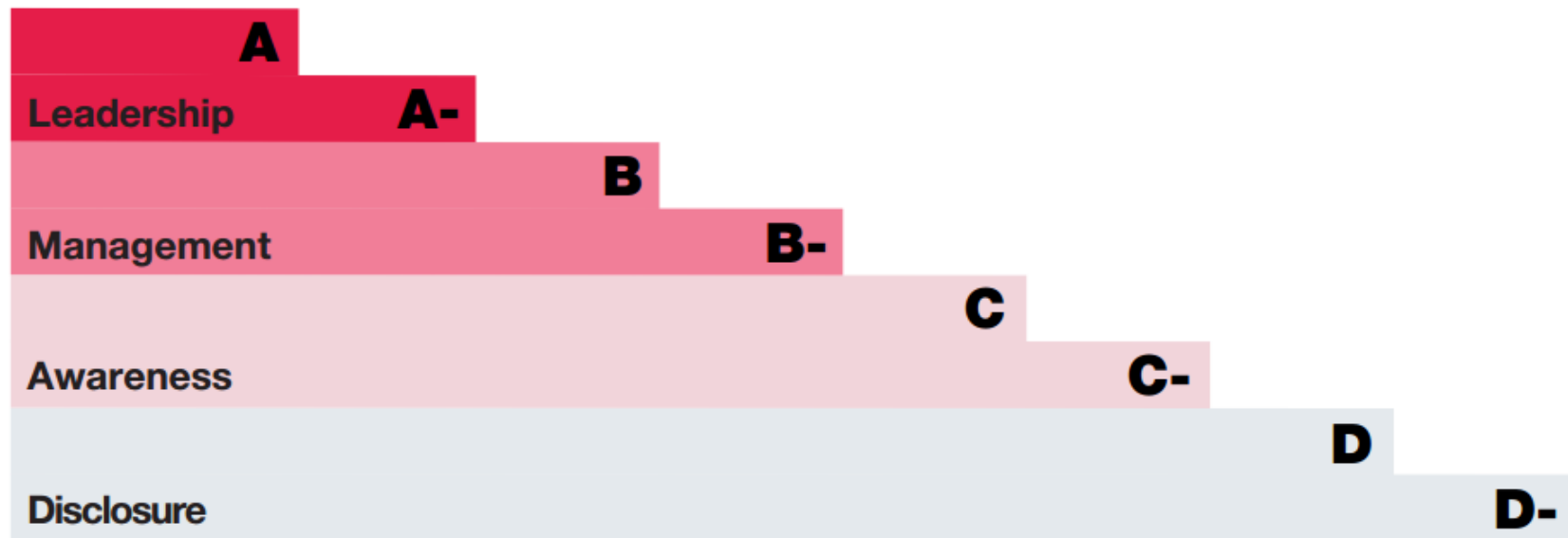
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- ▼ Water scoring was introduced in 2015
- ▼ Scoring provides feedback to responders, facilitates engagement and drives action
- ▼ Companies should respond before 29<sup>th</sup> June to be scored
- ▼ Scores will be publicly released 24<sup>th</sup> of October

# Water scoring levels



# The final scores

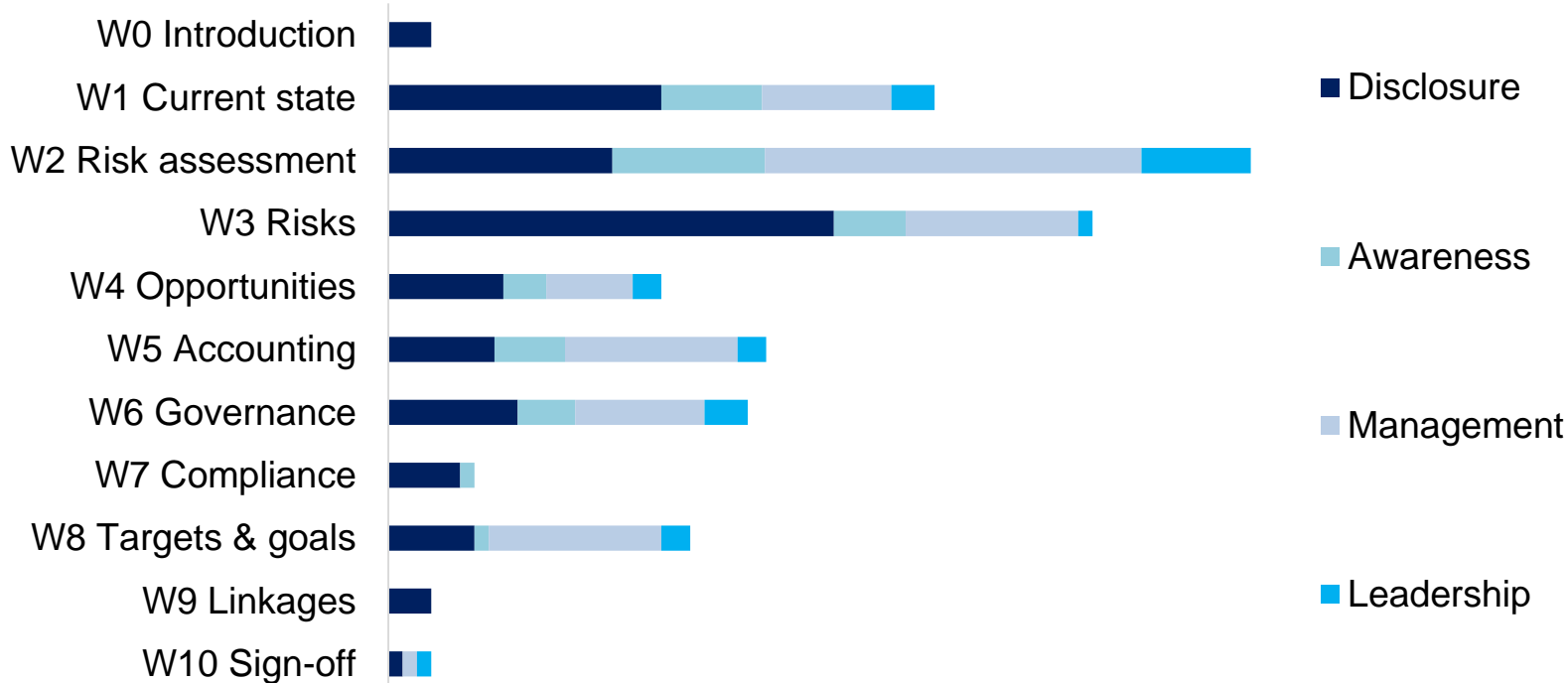


F: Failure to provide sufficient information to CDP to be evaluated for this purpose<sup>13</sup>

# Accelerating action through scoring

<b>Disclosure</b>	<b>0-44%</b>	<b>D-</b>
	<b>45-79%</b>	<b>D</b>
<b>Awareness</b>	<b>0-44%</b>	<b>C-</b>
	<b>45-79%</b>	<b>C</b>
<b>Management</b>	<b>0-44%</b>	<b>B-</b>
	<b>45-79%</b>	<b>B</b>
<b>Leadership</b>	<b>0-44%</b>	<b>A-</b>
	<b>45-79%</b>	<b>A</b>

# Which questions carry which points?



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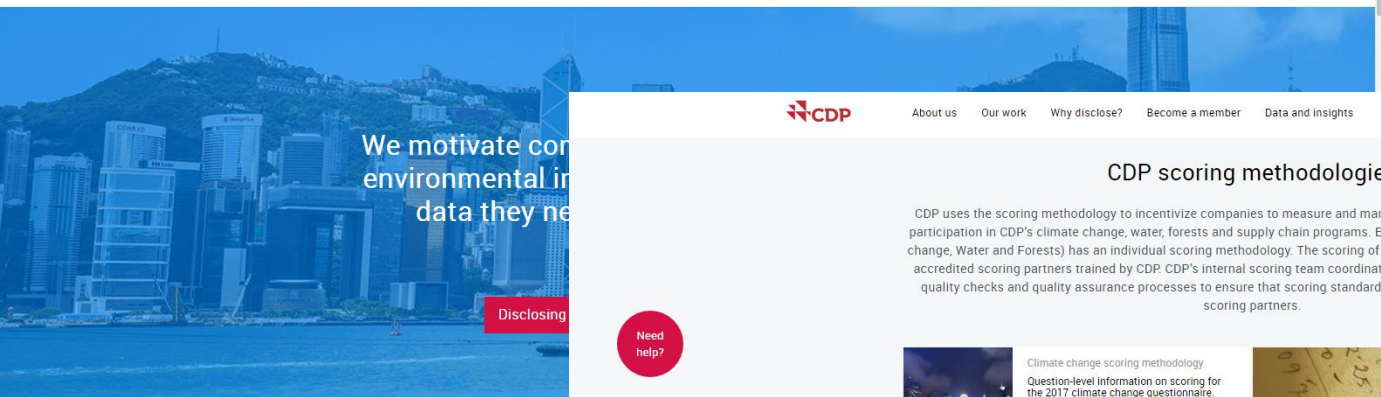
# Scoring tips

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- ▼ Avoid leaving blank cells
- ▼ Use company-specific explanations
- ▼ Don't cross-reference answers
- ▼ Refer to the guidance documents



# The scoring methodology



# Reporter Services

Building accountability, Taking action,  
Accelerating leadership

# What is it?



## Disclosure Support

- ✓ In-depth response feedback
- ✓ Question-by-question gap analysis
- ✓ Changes from 2016 to 2017 (questionnaire & scoring)
- ✓ Final check prior to submission

## Enhanced Data Access

- ✓ Access to CDP's full public company data set
- ✓ Customised reports (e.g. by sector/top scoring answers) in Excel format
- ✓ Visual analytics tool with exportable charts and graphs

## Networking and Insights

- ✓ Series of webinars on topics chosen by members
- ✓ Learn from industry experts and investors and stay ahead of the curve on carbon and water issues
- ✓ Potential profile building opportunities

# Who is it for?



## Companies looking to:

- ▼ learn best practise from leaders and benchmark themselves against peers;
- ▼ improve their performance and demonstrate accountability;
- ▼ and stay ahead of the curve.

## Individuals looking to:

- ▼ build the internal business case for taking action on environmental management;
- ▼ receive in-depth one-to-one support with annual CDP submissions;
- ▼ and participate in networking opportunities.

# Who is a member?

160+

members globally



Climate change members



6 founding members in 2014

28 in 2016

# Who else is a member?

## Consumer Discretionary



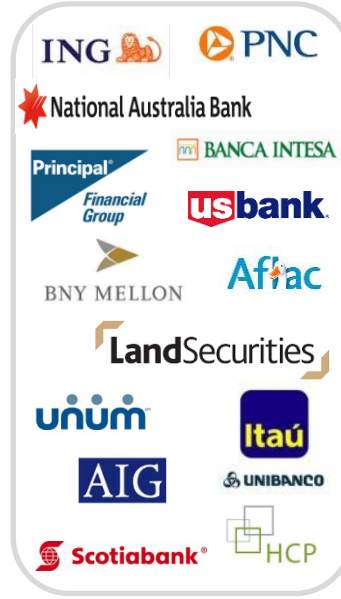
## Consumer Staples



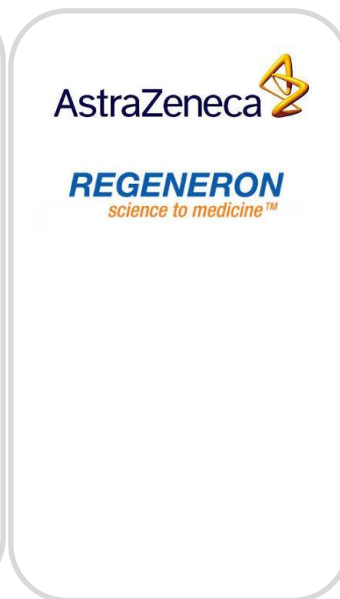
## Energy



## Financials



## Health Care



# Who else is a member?

## Industrials



## Information Technology



## Materials



## Telecommunications



## Utilities



# Water Member Companies



Introducing Coca-Cola European Partners  
Find out more about us: [www.ccp.com](http://www.ccp.com)

LOCKHEED MARTIN



DIAGEO

REGENERON



novozymes®  
Rethink Tomorrow



Tongaat Hulett





# How much is it?

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# How much is it?

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- ▼ Single program (climate change or water) for 1 year – 11,200 Euros
- ▼ Single program 3 years – 10,080 Euros per year
- ▼ Double program (climate change & water) 1 year – 21,280 Euros
- ▼ Double program 3 years – 19,040 Euros per year



Where next for  
CDP Water?

Your feedback

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# Rationale for proposed changes

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Rising investor interest:

- ▼ Demand for more granular data, e.g. at facility level
- ▼ Understand how companies are responding to value chain risk

Driving best practice:

- ▼ Role of collective action in improving water security
- ▼ Corporate and investor interest in SDGs

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# Rationale for proposed changes

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Company action is evolving:

- ▼ Context based targets
- ▼ Scenario analysis

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# Questions for discussion

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## Water accounting

- ▼ Do you collect water accounting data for **all** facilities?
- ▼ Do you know the proportion of your withdrawals that are from water-stressed basins?

## Verification

- ▼ Are any elements of your water data or management processes externally verified?

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# Best practice to next practice

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- ▼ Scenario analysis?
- ▼ Collective action?
- ▼ Can you describe the process that your company uses to set targets and goals?

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# Short survey

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- ▼ What **two improvements** should be a priority for CDP water's current questions, guidance and scoring methodology?
- ▼ What are the **two most significant trends for water risk in your sector**?
- ▼ What **two corporate practices** would help achieve a sustainable water future for your company/sector?





Questions?

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