

2017 Communication on CDP's Engagement with the United Nations Global Compact

CDP is an international, not-for-profit organization that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Our network of investors and purchasers, representing over \$100 trillion, along with policy makers around the globe, use our data and insights to make better-informed decisions. Through our offices and partners in 50 countries we have driven unprecedented levels of environmental disclosure.

CDP and the UN Global Compact have worked together closely for over a decade and share a strong set of common goals, particularly as they relate to driving forward business-focused solutions to climate change. CDP actively supports the UNGC'S 10 core principles through mission-focused collaborations that aim to increase overall impact of common work areas and drive change more effectively.

In the attached description we have laid out our actions to integrate the UNGC into our business strategy and operations.

Sincerely,

Paul Dickinson
Executive Chairman, CDP

Overview of Activities

1. Data and Disclosure

Disclosure via CDP's platform allows companies to comply with the Communication on Progress (COP) for the UNGC Caring for Climate and CEO Water Mandate programs, enabling increased environmental disclosure and broader engagement with UNGC programs. CDP annually provides data to UNGC to complement the COPs made directly to them, and to allow them to analyze overall progress by member companies.

- i. Commitment to implement the recommendations of the Task Force on Climate-related Financial Disclosures

CDP hosts the Secretariat of the Climate Disclosure Standards Board (CDSB) which coordinates the Commitment to implement the recommendations of the Task Force on Climate-related Financial Disclosures, with the support of We Mean Business. The commitment brings together organizations who recognize the economic opportunities that a new low-carbon economy creates, and that have a business vision which incorporates the management of long-term climate risks. Since the Global Compact has been encouraging companies to engage responsibly on climate policy by identifying the related risks and opportunities, the organizations will explore opportunities to collaborate this area of shared interest.

2. Water

CDP and UNGC have a robust collaboration around water, through CDP's water security program and the UNGC CEO Water Mandate. CDP provides data to populate the CEO Water Mandate Water Action Hub which aims to assist organizations to identify potential collaborators in river basins around the world and stimulate collective water management in regions of critical strategic interest.

Beginning in 2017, our two organizations have been partners on the multi-organization Context Based Water Targets project working towards a guidance that will assist companies to set meaningful, public policy aligned, water targets. A joint discussion paper was published in 2018.

CDP's global water report, questionnaire and supporting guidance are also included as part of UNGC's CEO Water Mandate Toolbox that aims to support companies starting their work towards improved corporate water stewardship.

In 2017, CDP also shared its data with the Mandate to support the analysis of private sector action towards SDG 6 that will be published in UNESCO's Synthesis Report in June 2018, to coincide with the High Level Political Forum in New York.

CDP and the CEO Water Mandate also work together to implement the Business Alliance for Water and Climate (BAFWAC), a collaborative initiative between multiple NGOs and private organizations which asks companies to commit to action on water and climate issues. Tools and resources for knowledge sharing and peer-to-peer learning are provided via a joint website.

3. Climate

As part of its work with Caring for Climate CDP provides UNGC with data and analysis, insights, and case studies from corporate disclosures to CDP, helping inform work in this area. CDP is an active or lead partner in the following areas.

i. Science-Based Targets

Science Based Targets is a joint initiative by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF intended to increase corporate ambition on climate action by changing the conversation on GHG emissions reduction target setting and creating an expectation that companies will set targets consistent with the level of decarbonization required by science to limit global warming to less than 2°C compared to preindustrial temperatures. As part of the Science-based Targets Initiative, CDP is working closely with the UN Global Compact to develop tools, resources and methodologies to support companies in setting emissions reduction targets in line with climate science. CDP has also worked with UNGC and the other partners to launch the Initiative's Call to Action, inviting companies globally to adopt science-based targets.

Outcomes to date: More than 330 companies have committed to adopt science-based targets as of January 2018. Throughout 2018, CDP will work with UNGC and the other partners to host workshops and events around the world to inform companies about the Call to Action and to support them in setting and working toward science-based targets.

ii. Business Leadership on Carbon Pricing

CDP works with the UN Global Compact to invite companies to become Carbon Pricing Champions by aligning with the Business Leadership Criteria on Carbon Pricing. The criteria constitutes one of the areas of work of the Carbon Pricing Leadership Coalition, led by the World Bank Group, CDP and other partners. The criteria asks that companies: 1. Set an internal carbon price high enough to materially affect investment decisions to drive down greenhouse gas emissions; 2. Publicly advocate the importance of carbon pricing through policy mechanisms that take into account country specific economies and policy contexts; and 3. Communicate on progress over time on the two criteria above in public corporate reports.

Outcomes to date: A growing number of forward-looking companies are using an internal carbon price to help manage climate risk and align themselves with the low-carbon transition. As of October 2017, nearly 80 companies have committed to follow the business leadership criteria. CDP continues to recruit companies and report on the [latest trends in corporate carbon pricing](#), providing a [benchmark](#) for best practice and sector trends, helping companies to [implement](#) impactful internal carbon pricing and offering tools to take full advantage of opportunities and mitigate risks in a changing business climate.

i. Climate Policy Engagement

In the lead-up to COP21 in Paris in December 2015, CDP worked with the UN Global Compact to invite companies to follow best practice in corporate engagement on climate policy. The “Guide for Responsible Corporate Engagement in Climate Policy,” released by CDP, UNGC, Ceres, The Climate Group, WWF and the World Resources Institute, sets out a program of action for companies wishing to demonstrate best practice in policy engagement.

A supportive policy framework is vital to give business the backing it needs in the transition to a low-carbon economy. This is why forward-looking companies are actively ensuring their policy engagement on key climate issues is aligned, transparent, and consistent.

By making this commitment, companies are agreeing to implement the actions in Section 3 of the Guide to “Identify–Align–Report”:

1. Set up processes to internally audit all activities that a company takes part in that influences climate policy;
2. Work to ensure that all of this activity is consistent, including influences of trade groups and business associations that represent the company; and
3. Communicate on actions and outcomes, for example via disclosure to CDP or other public statements

Outcomes to date: More than 120 companies have committed to the responsible climate policy commitment as of January 2018.

Additional areas of joint or complementary work

CDP is engaged in various other programs and projects which are aligned with the goals and work programs of UNGC. We work with UNGC on these wherever possible and hope to work together more going forward. Some examples include:

NAZCA Portal: CDP and UN Global Compact are both data providers to the UNFCCC’s NAZCA Portal.

Sustainable Development Goals: CDP is a potential enabler of private sector action that helps implement the Sustainable Development Goals and the CDP reporting platform and database can potentially provide indicator data and/or inform tracking of progress. In 2017 CDP collaborated with UNGC & GRI on their report ‘Business Reporting on the SDGs’, by providing extensive information about how CDP’s 2017 questionnaires align with the SDGs.

Commodities and Supply Chains: CDP’s Supply Chain and Forests programs work to address the impact of global purchasing on the environment, using requests and requirements by both investors and customers as levers for change.