

4th Floor
60 Great Tower Street
London, EC3R 5AZ
+44 (0) 20 3818 3900

info@cdp.net
www.cdp.net

2024 Communication on CDP's Engagement with the United Nations Global Compact

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 700 financial institutions with over \$142 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests.

Over 24,000 organizations around the world disclosed data through CDP in 2023, with more than 23,000 companies – including listed companies worth two thirds global market capitalization - and over 1,100 cities, states and regions. Fully TCFD-aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

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 and environmental protection. CDP actively supports the UN Global Compact'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 communication we outline the actions we have taken to support the UN Global Compact principles and the areas of engagement our organizations have had.

Yours Sincerely,



Paul Dickinson

Founder Chair, CDP

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Actions taken to Support the UN Global Compact Principles

CDP's work contributes primarily to Principles 7, 8 and 9 of the UN Global Compact, supporting businesses to take a precautionary approach to environmental challenges, to promote greater environmental responsibility and to encourage the development and diffusion of environmentally friendly technologies.

Increasing Corporate Disclosure

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Working with more than 700 financial institutions with over \$142 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. From 2024 we will issue a single corporate questionnaire covering climate change, water security, forests, biodiversity and plastics that companies are requested to respond to on an annual basis.

High-quality disclosure is a critical tool for achieving net-zero targets, avoiding greenwashing, and tracking progress against the Paris Agreement goals. CDP works to incorporate best practice in disclosure into our questionnaire. CDP is fully aligned with the recommendations of the Taskforce on Climate-Related Financial Disclosures and from 2024 is aligned with the ISSB's IFRS S2 Climate-related Disclosures Standard. In addition, we are partially aligned, and have announced the intention to further align, with the newly released Taskforce on Nature-related Financial Disclosures framework and have a collaboration with EFRAG to drive uptake of the European Sustainability Reporting Standards.

Since our last Communication on Engagement in 2022, CDP has expanded into two new environmental themes. In 2022 we asked companies questions on biodiversity for the first time and received over 7,700 responses. The data reported through CDP in 2022 showed that 31% of companies made a public commitment and/or endorsed biodiversity-related initiatives, with another 25% planning to do so within the next two years.¹ In 2023, CDP asked questions on plastics for the first time, with over 3,000 companies responding. This included major companies such as Unilever, Sumitomo Chemical and Johnson & Johnson reporting information on their production, use, and disposal of the most problematic plastics.² In 2024, CDP has combined the three historical questionnaires into one CDP Corporate Questionnaire, so that companies asked to respond across multiple environmental issues can do so in a single place, as well as encouraging a more holistic and balanced disclosure across different environmental issues.

Measurement of Outcomes

Since our last Communication on Engagement, the number of organizations disclosing through CDP has increased by around 10,000, from over 14,000 in 2021 to over 24,000 in

¹ <https://www.cdp.net/en/articles/media/new-data-shows-companies-recognising-biodiversity-risks-but-majority-not-turning-commitments-into-action>

² <https://www.cdp.net/en/articles/plastics/3-000-companies-disclose-plastic-impacts-for-the-first-time-ahead-of-landmark-global-plastics-treaty-negotiations>

2023. In 2023, over 23,000 companies disclosed through CDP on climate change, 4,800 on water security, and over 1,100 on forests.

CDP corporate disclosers are based in approximately 130 countries across the world. Each region has experienced a notable increase in the number of companies disclosing. Environmental disclosure is becoming a global market norm, as seen by the increase in disclosures across all regions and the coverage of market indices across developed and emerging markets.³

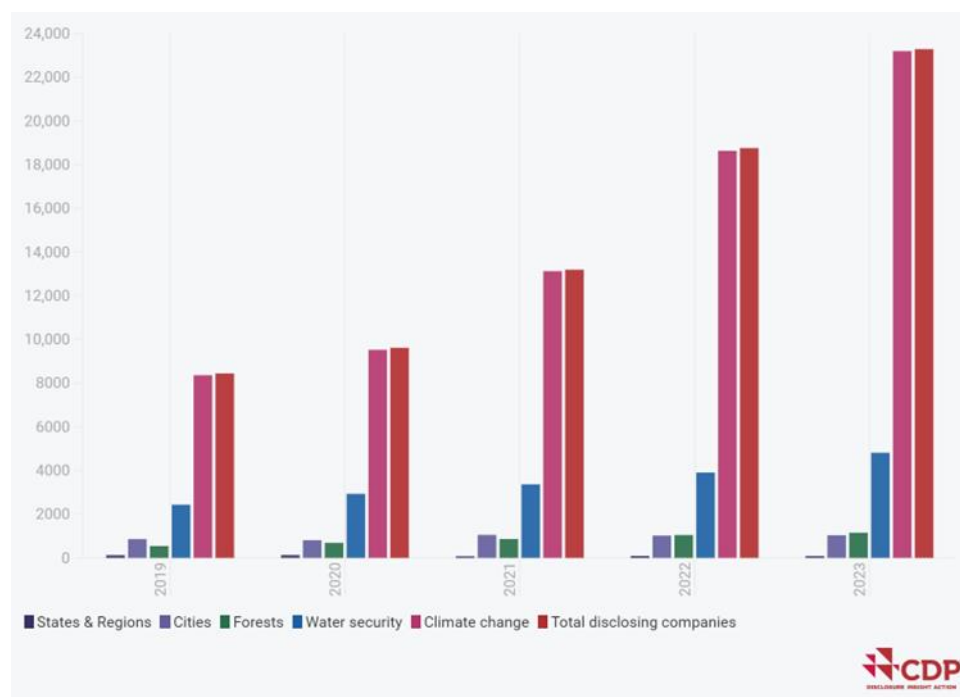


Figure 1 Number of organizations disclosing through CDP, 2019-2023

Disclosure of greenhouse gas emissions is increasingly mainstreamed, as seen in a relatively high disclosure rate of Scope 1 and 2 emissions through responses through CDP's 2023 Climate Change Questionnaire. However, this is just the start, as only 37% of companies disclosed emissions across all three scopes. With regards to water, in the last nine years, reported reductions in water withdrawal volumes have decreased among roughly half of the 223 companies that have disclosed consistently on water during this time. Furthermore, companies are demonstrating progress on eradicating deforestation from their supply chains. About half of the 242 companies (126 companies; 52%) that have disclosed consistently on their management of deforestation between 2020 and 2023 now report that they are close to eradicating deforestation for at least one commodity they source.⁴

³ <https://www.cdp.net/en/companies/cdp-2023-disclosure-data-factsheet>

⁴ <https://www.cdp.net/en/companies/cdp-2023-disclosure-data-factsheet>

Actions taken to Engage with the UN Global Compact

CDP collaborates with the UN Global Compact in a variety of ways, through joint work on initiatives, to running events together and membership of coalitions.

UN Global Compact CEO Water Mandate

CDP and UN Global Compact have a robust collaboration around water, through CDP's water security program and the UN Global Compact CEO Water Mandate. CDP provides data on water-related impacts and risks experienced by companies 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.

CDP's global water reports and questionnaire 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.

Measurement of Outcomes

The CEO Water Mandate has 242 endorsing companies that are committed to making continual progress over six areas: direct operations, supply chain and watershed management, collective action, public policy, community engagement and transparency. Additionally, they are committed to reporting annually and to the UN Global Compact's Ten Principles

Science Based Targets Network

CDP, UN Global Compact and the CEO Water Mandate are all partners of the Science Based Targets Network (SBTN), with our organizations working on a methodology that will assist companies to set meaningful, public policy aligned, nature targets. SBTN released their first corporate science-based targets in 2023, helping companies to improve their impacts on freshwater quality and quantity and protect and restore land-based ecosystems.

Measurement of Outcomes

An initial 17 companies are piloting the SBTN target validation process in 2023, before target validation can begin to be rolled out on a larger scale in the coming years.

Science Based Targets Initiative

CDP and the UN Global Compact, along with the World Resources Institute and WWF were founding members of the Science Based Targets initiative (SBTi), now an independent organization. As part of SBTi, CDP worked closely UN Global Compact to develop tools,



resources and methodologies to support companies in setting emissions reduction targets in line with climate science.

CDP worked closely with UN Global Compact and the other partners to launch the “Business Ambition for 1.5” campaign in 2019 which called on companies to step up and commit their business to set science-based targets aligned with limiting global temperature rise to 1.5°C above pre-industrial levels. Although the campaign ended in October 2021, its legacy continues as companies can still join the UN Race to Zero through setting a net-zero commitment with SBTi.

CDP and UN Global Compact are now both members of SBTi Founding Partners Engagement Groups across several regions, including Europe, North America and Latin America, working together to collaborate and align on supporting companies with setting science-based targets.

Measurement of Outcomes

Over 7,000 companies are taking action through SBTi, including over 5100 with science-based targets and over 3,000 with net zero commitments. This is more than triple the number of companies since CDP submitted our last Communication on Engagement with the UN Global Compact in 2022. CDP’s Science Based Targets Campaign has successfully helped drive over 470 companies to commit or set science-based targets through the SBTi.

UN Global Compact Events

Since the beginning of 2022, CDP has supported the UN Global Compact with 13 events across the world, including regional events for Europe, the Middle East and Asia Pacific. These events have covered a wide range of topics related to setting science-based emission reduction targets, including introductory events on the SBTi Net-Zero Standard, sector specific events for the chemicals and retail industries and deep dives into Scope 3 target setting.

In addition to these events, CDP has spoken at the UN Global Compact Network UK Annual Summit 2023 and at the UN Global Compact Climate Ambition Closing Ceremony at COP28.

Measurement of Outcomes

The events run by UN Global Compact and supported by CDP have together reached over 4,000 attendees. These events have therefore helped to build knowledge among companies on the topic of target setting, a vital step on companies’ emission reduction journeys.