

Climate Change

Supply Chain Standard Supplier Support Webinar

July 2025

Presenter



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CDP Supply Chain UKWW,





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CDP Overview & Why disclose on Climate Change?

CDP Disclosure 2025

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About CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions.



640+

Investors with US\$127 trillion of assets



1 24,800+

disclosing companies worth two thirds of global market capitalization



250+

purchasing organizations with an annual spend of US\$6.4 trillion



~1,000

disclosing cities, states & regions



One response for multiple stakeholders and needs



Purchasing Companies

- Identify and request key suppliers
- Efficiently source data and reduce reporting burden
- Use disclosed data to measure supplier environmental impacts and track progress

Suppliers

- Requested suppliers disclose qualitative and quantitative data
- Suppliers improve responses based off feedback and resulting action





An overview impacts, dependencies, risks & opportunities and the economic case for action





Why disclose on climate change?

\$4tn

worth of assets will be at risk from climate change by 2030

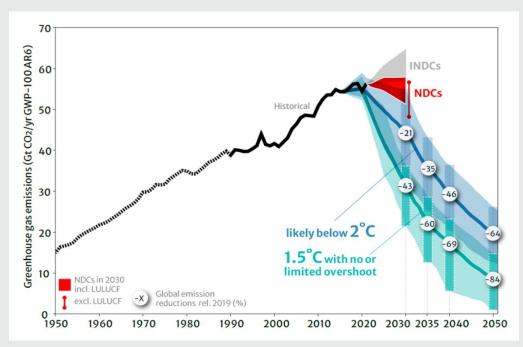


Figure: UN 2023. Technical Dialogue of First Global Stocktake.

\$53bn in opportunities identified by disclosing companies

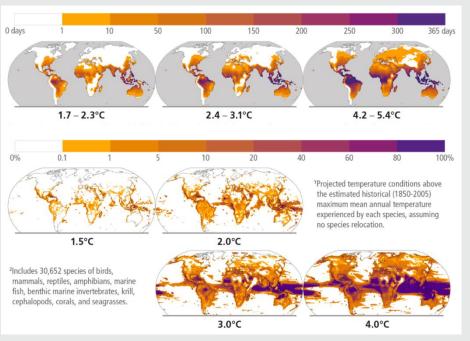


Figure: IPCC 2022. Mitigation of Climate Change, 6th AR.



The impact of supply chain disclosure

As a supplier, your disclosure is important for your Customers.

Supply chains naturally create a domino effect of environmental impacts on a large scale - something that you as a supplier can collectively be part of.



Companies that disclose through CDP may reduce direct emissions by 7-10% within just 2 years — demonstrating that disclosure is not just another tick box exercise.



Suppliers who received support from buyers on setting science-based targets were 2.6x more likely to set an SBT compared to those without such support.

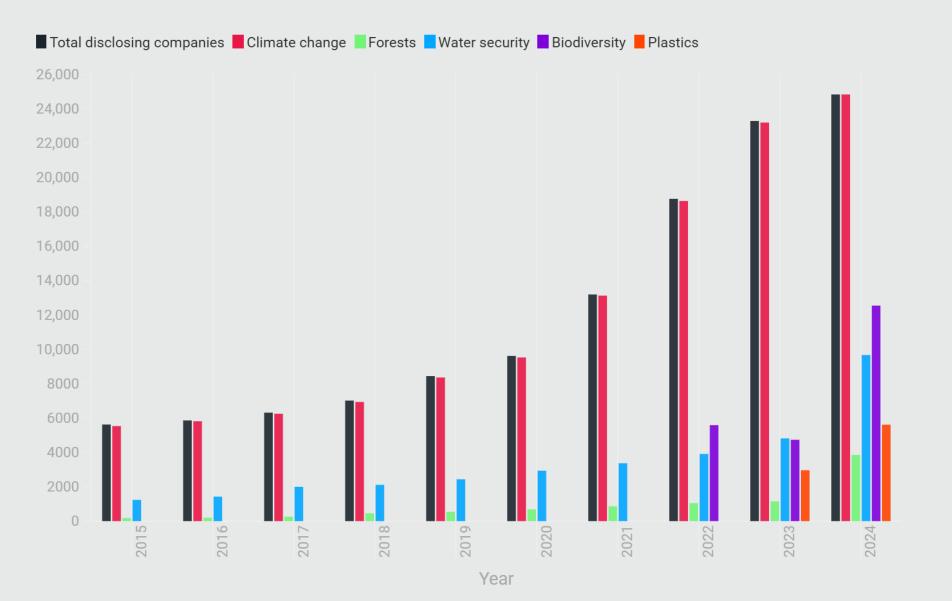


Year on year, CDP disclosers are more likely to take environmental action with 69% of third-time disclosers having emissions reduction initiatives, compared to 38% with first-time disclosers.



CDP has made disclosure a business norm





24,800+ companies worth two-thirds of global market cap disclosed in 2024

33% increase since 2022 and a 6.5% increase from 2023

7,550+ companies started their disclosure journey for the first time in 2024

What are the benefits for suppliers?





Key Benefits of Disclosure



Access to capital

Enhancing supplier position

250+ purchasing organizations with an annual spend of US\$ 6.4 trillion use CDP supplier data for procurement decisions.

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Business competitiveness

Managing risks and unlocking opportunities

>Cost Savings: Improved Carbon Footprint management can lead to reduced resource consumption, lower waste, and operational efficiencies.



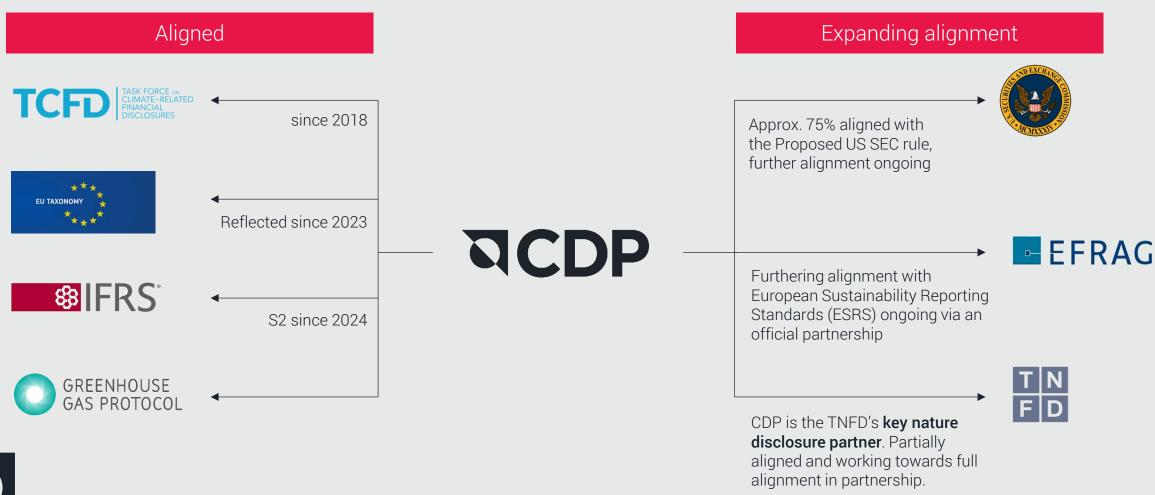
Compliance

Mandatory or voluntary

CDP's disclosure platform improves consistency of information for purchasing companies and investors.



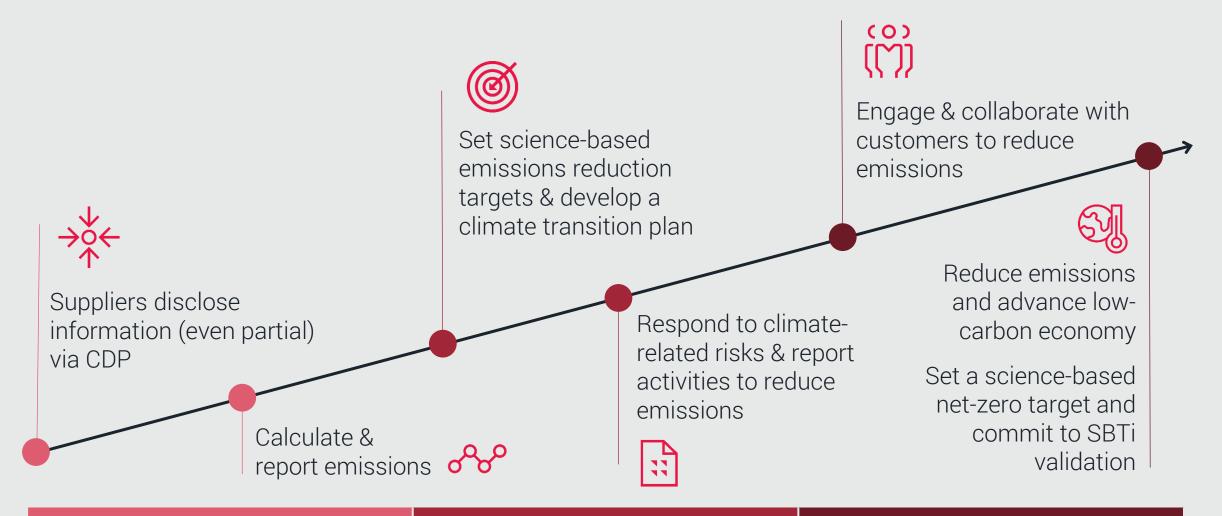
Increased alignment with global frameworks and standards





Roadmap for Disclosing Suppliers







Full Corporate Questionnaire:

streamlined, holistic reporting

Module 1 - Introduction

Module 2 – Identification, Assessment & Management of Dependencies, Impacts, Risks, & Opportunities

Module 3 – Disclosure of Risks & Opportunities

Module 4 - Governance

Module 5 - Business Strategy

Module 6 – Environmental Performance – Consolidation Approach

Cross-issue modules

Module 7 – Environmental Performance – Climate Change

Module 8 – Environmental Performance - Forests

Module 9 – Environmental Performance – Water Security

Module 11 – Environmental Performance – Biodiversity

Module 10 – Environmental Performance – Plastics

Environmental issue-specific modules

Module 12 – Environmental Performance – Financial Services

Module 13 – Further Information & Sign off

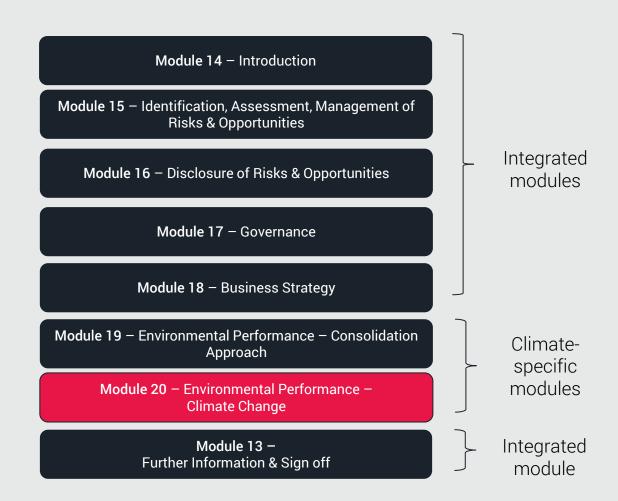
Cross-issue modules

Sector-specific module



SME Disclosure

- CDP introduced a dedicated questionnaire for SMEs in 2024. This will make it easier to understand where SMEs should focus their attention, build capacity and act.
- With fewer questions, a simplified format and enhanced guidance, CDP's climate-focused SME questionnaire is well-matched to the resources of SMEs.
- SME Questionnaire is recommended: IF headcount <500 AND revenue <US\$50 million





Environmental issue assignment

| Environmental issue | | Disclosers |
|---------------------|------------------------------|---|
| | Climate change | All corporate disclosers |
| ĴÓ | Plastics and Biodiversity | All corporate disclosers responding to Full corporate questionnaire (except SMEs and Public Authorities) |
| ₩ | Forests | Corporate disclosers if at least one of the following is met (for SMEs #1a, 2, 4 only): CDP's forests/water industry impact classification; a. Sample setting process for organizations with a Capital Markets request b. Applied in questionnaire setup for organizations with no Capital markets request |
| ~ *** * | Water security | A requestor has asked the discloser to report on forests/water security (e.g., a CDP Supply Chain member); Self-assessment: the organization has identified dependencies, impacts, risks or opportunities relating to forests/water security; Opt-in to forests/water security. |



Module 7:

Environmental Performance – Climate Change

Module 1 - Introduction

Module 2 – Identification, Assessment & Management of Dependencies, Impacts, Risks, & Opportunities

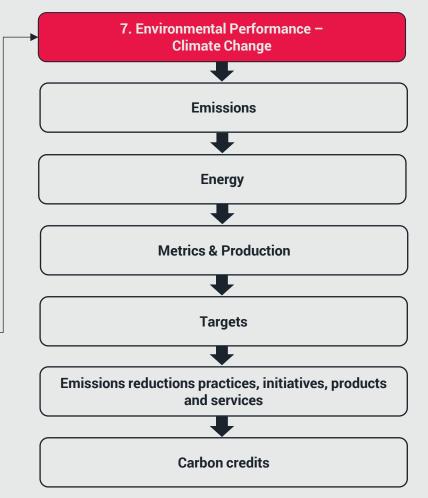
Module 3 – Disclosure of Risks & Opportunities

Module 4 - Governance

Module 5 – Business Strategy

Modules 6-12 - Environmental Performance

Module 13 - Further information & Sign off



Encourages best practice regarding measuring carbon footprint, a prerequisite to understanding and reducing negative impacts.

Promotes comprehensive reporting of energy as a crucial prerequisite for accurate emissions accounting.

Contextualises emissions performance through other business metrics such as carbon intensive production.

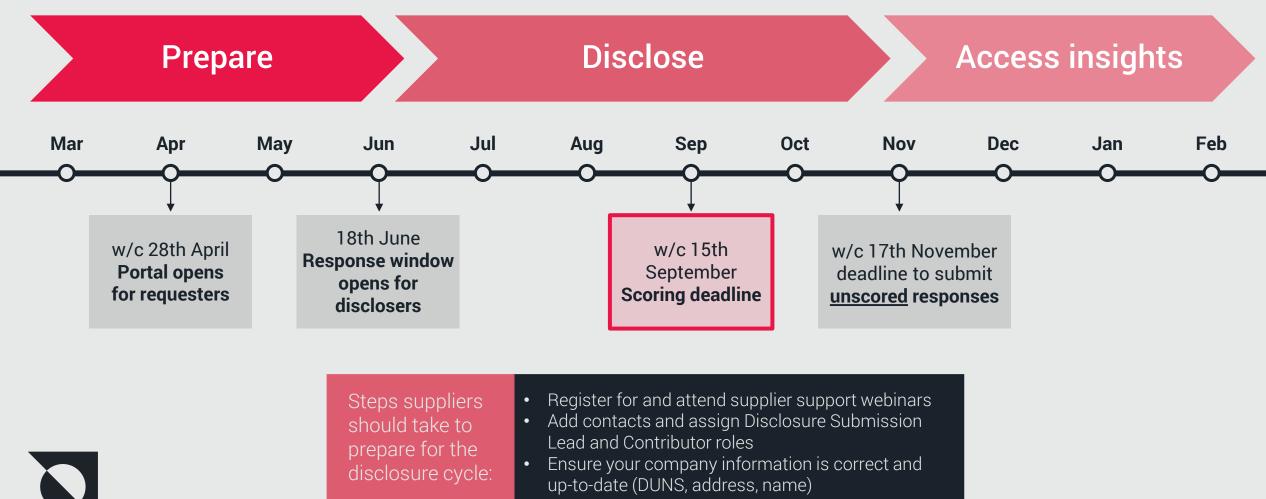
Showcases commitment to reducing emissions and the effective management of climate-related issues.

Illustrates the actions taken to reduce emissions and their associated benefits.

Provides transparency on the carbon credits used by an organization to support their transition to a low-carbon future, and the quality of those credits.



2025 disclosure timeline





Climate Change Focus Questions

Disclose to CDP at the best of your abilities, preferably publicly and the full questionnaire.

If you don't have capacity to answer all questions, please focus on the following:

- Emission Data (Scope 1, 2 and 3, incl. verification)
- 2. Emission Allocation
- 3. Emission Reduction Targets
- 4. Supply Chain Questions within the questionnaire

2024 Questionnaire Modules

- 1 (14 SME) Introduction
- 2 (15 SME) Identification, Assessment & Management of Dependencies, Impacts, Risks, & Opportunities
- 3 (16 SME) Disclosure of Risks & Opportunities
- 4 (17 SME) Governance
- 5 (18 SME) Business Strategy
- 6 (19 SME) Environmental Performance: Consolidation Approach

7 (20 SME) Environmental Performance - Climate Change

- 8 Environmental Performance Forests
- 9 Environmental Performance Water Security
- 10 Environmental Performance Plastics
- 11 Environmental Performance Biodiversity
- 12 Environmental Performance Financial Services
- 13 (21 SME) Further information & Sign off

Introduction to emission accounting



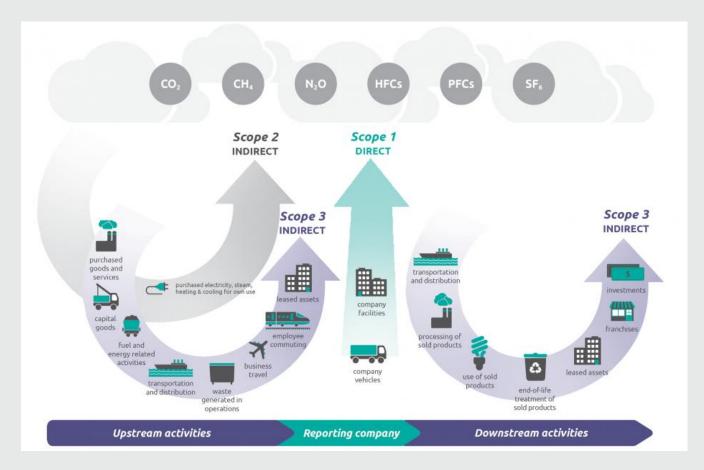
Operational emissions

Scope 1 – Direct GHG emissions from owned or controlled sources

Scope 2 – Indirect GHG emissions from the generation of purchased energy

Value chain emissions

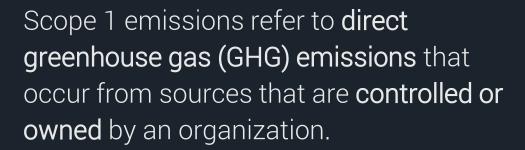
Scope 3 – All indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream (supply chain) and downstream (use of products) emissions.



- "Emissions from purchased goods and services" are one of the main categories of Scope 3.
- Suppliers' Scope 1 & 2 contribute to your client's Scope 3.
- Value chain emissions (Scope 3) often represent a company's biggest GHG impact.

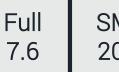
Focus: Emission data – Scope 1





Examples:

- Combustion of fuels (e.g. in boilers, furnaces) for the generation of electricity, heat or steam;
- Combustion of fuels (e.g. in trucks, cars) for the transportation of materials, products, waste, employees;
- Manufacture or processing of chemicals and materials (e.g. cement, aluminium);
- Fugitive emissions from intentional or unintentional releases, (e.g.; HFC emissions from refrigeration or air conditioning; methane leakages from gas transport).







Methodologies to calculate Scope 1 emissions include the direct measurement based on the purchased quantities of commercial fuels (e.g. gas, heating oil) converted to CO₂ equivalents using published emission factors (e.g. <u>DEFRA</u>).

- 1. GHG Protocol Corporate Accounting and Reporting Standards
- 2. GHG Protocol Tools and Emission Factors
- Scope 1&2 GHG Inventory Guidance
- Scope 1 Training
- **EPA Simplified Emissions Calculator**
- SME climate hub carbon calculator

Focus: Emission data – Scope 2



Scope 2 emissions refer to indirect GHG emissions associated with any purchases of electricity, steam, heat, or cooling.

Example: Electricity purchased to operate machines, lighting, electric vehicle charging, etc.





As methodology to calculate Scope 2 emissions the GHG Protocol recommends multiplying activity data (e.g. MWhs of electricity consumption) by source and supplier-specific emission factors to arrive at the total GHG emissions impact of electricity use. To determine activity data, metered electricity consumption or utility bills specifying consumption in MWh or kWh units can provide the most precise activity data.

- CDP Technical Note: Accounting of Scope 2 emissions
- 2. GHG Protocol Scope 2 Guidance
- 3. Scope 2 Training
- 4. EPA Simplified Emissions Calculator
- 5. Scope 1&2 GHG Inventory Guidance

Focus: Emission data – Scope 3



Scope 3, value chain emissions - all the other emissions that occur related to your operations but from sources that you do not own or control.

Examples:

purchased goods and services, transportation and distribution, and use of sold products Full 7.8

SME 20.7



As **methodology** to calculate Scope 3 emissions, the GHG Protocol offers a Scope 3 Standard with 15 categories of Scope 3 activities, both upstream and downstream of a company's operations.

Detailed, technical guidance on all the relevant calculation methods can be found in the Scope 3 Calculation Guidance, a supplement document to the Scope 3 Standard.

- 1. <u>CDP's Scope 3 Category Technical Note</u>
- 2. <u>Greenhouse Gas Protocol Corporate Value Chain</u> (Scope 3) Accounting and Reporting Standard
- 3. <u>Greenhouse Gas Protocol Scope 3 Calculation</u> <u>Guidance</u>
- 4. Webinar: How to calculate and reduce your scope 3 impact 25



CDP regards
verification/assurance as a
process undertaken by an
independent third party accredited
to perform verification/assurance
of the GHG emissions data.

Full SME 7.9 20.8



Why verification is important:

- Improving internal processes
- Increasing data reliability towards stakeholders (e.g. clients, investors)
- Identifying risks and opportunities
- Build reputation and gain competitive advantage
- Aligning to regulation & legislation (e.g. Non Financial Reporting)
- Accurate understanding of emissions operationally For these reasons, CDP supports verification and assurance as good practice in environmental reporting. Verification information is very relevant among the scoring criteria of the Full questionnaire.

- 1. CDP Verification guidance
- 2. The business benefits of third party verification of climate data:
- 3. CDP Verification FAQs

Focus: Emission breakdowns



The breakdowns provide your customers with the opportunity of better understanding your emissions and therefore the risks and opportunities throughout the business (e.g. risks related to future regulation)





What if my company is a subsidiary of a wider corporate group?

- Best practice: the subsidiary's data is included in the parent organization's response to CDP, therefore the subsidiary does not need to respond.
- If the subsidiary organization falls outside the parent reporting boundary, it may disclose to CDP separately.
- To ensure a correct disclosure, the relationship should be reflected and mapped correctly on CDP's system.

Tip:

If your parent company is responsible for the disclosure, connect with your parent organization's Main User to detail your emission breakdown

Focus: Emission intensity



Intensity measures describe an organization's CO2e emissions in the context of another business metric. This way, the emissions are normalized to account for growth. Your intensity figure allows your customer to benchmark your performance within and across industries.





Intensity is calculated by dividing the **CO2e emissions** figure (the numerator) by an alternative **business metric** (the denominator); for example:

- Revenue
- Number of full-time equivalent employees (FTE)
- Units of production
- Tons, meters, liters, or other metrics of production

Tips:

- 1. Emissions intensity per unit of revenue is one the most common and easy means to calculate emissions intensity, which is why it is requested that you provide this figure.
- 2. Make sure that the revenue figure refers to the same organisational boundary of your emissions data.
- 3. Ensure currency and unit of measure are correct.

Focus: Emission intensity Example



Full SME 7.45 20.16



Formula for calculating an emission intensity using <u>revenue</u>

(Total annual revenue)

Working example for calculating an emission intensity using revenue

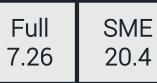
Focus: Allocation of emissions



Allocating GHG emissions to your customers provides them clarity on the emissions associated with goods and products sold to them over the reporting period.

It will help your customers to:

- Better model supply chains emissions
- Evaluate your contribution to progress towards targets
- Identify and prioritize opportunities for collaboration





Data points to be considered when allocating GHG emissions:

- Scope of emissions (e.g. Scope 1/ Scope 2/ Scope 3)
- Allocation level (e.g. facility/ business unit/ company wide)
- Emissions in metric tons of CO2e
- Allocation method (e.g. allocation based on revenue/ market value or quantity of goods/ other physical factors)
- Verification

Resources:

- 1. Webinar: <u>Allocating emissions</u>
- 2. <u>Chapter 8 of the GHG Protocol Scope 3 Accounting</u> Standard

Your responses to Supply Chain questions are visible only to your Requester regardless of whether you elect to make your CDP response private or public

Focus: Allocation of emissions Example



Full SME 7.26 20.4



Formula for allocating emissions to your customer based on revenue

Allocated GHG Emissions Revenue of products/services purchased by Customer

Total revenue of products/services produced

Total GHG Emissions for Scope 1 *or* Scope 2

Working example of allocating emissions to your customer based on revenue

250 metric tons of CO₂e allocated to Facil

US\$500,000 revenue from Customer

US\$200,000,000 total revenue

100,000 tons of CO₂e (Company-wide Scope 1 GHG emissions)

Focus: Emission reduction target



Target setting demonstrates your intention to act on emission reduction and provides direction and structure to environmental strategy.



Full 7.53, 7.53.1, 7.53.2

SME 20.16, 20.16.1, 20.16.2



Components of an emissions reduction target:

- Target type:
 - Absolute (tons CO₂e)
 - Intensity (tons CO₂e per unit of activity)
- Base year
- Target year
- Scope
- Targeted reduction from base year in % or Mt CO₂e

Best practice:

Setting a target that is in line with the latest climate science necessary to meet the goals of the Paris Agreement (limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C)

Learn more on <u>SBTi website</u>

SBT Resources

Setting Science-Based targets

Consult the SBTi <u>resources webpage</u> for complete list of materials, including:

- ◆Procedure for validation of SBTi targets
- ◆SBTi near-term Criteria and Recommendations (V5.2)
- **◆**SBTi <u>Criteria Assessment Indicators</u>
- ◆The <u>SBTi target-setting tool</u> to model near-term SBTs
- ◆The <u>SBTi Corporate Net-Zero Standard</u>
- **◆**SBTi <u>Validation Portal</u>









Reporting on your renewable energy use helps your customers to track reductions in their supplier emissions and assess the level of risk in relation to fossil fuel reliance.

Renewable energy is energy taken from sources that are inexhaustible such as wind, solar, hydropower, geothermal, sustainable biomass and marine (tidal and wave energy).

Waste energy and hydrogen should not be included if derived from fossil fuels.

Full 7.30, 7.30.1 SME 20.15



Methodology:

- You should enter all energy data in Megawatt-hours (MWh). If your raw data is in energy units other than MWh, such as Giga-Joules (GJ) or British Thermal Units (Btu), then you should convert to MWh.
- Conversion factors from other energy units are available from a variety of online calculation tools, including from <u>IEA</u> and <u>OnlineConversion.com</u>, or from conversion tables such as those in <u>EPA AP-42 (Annex A)</u>.

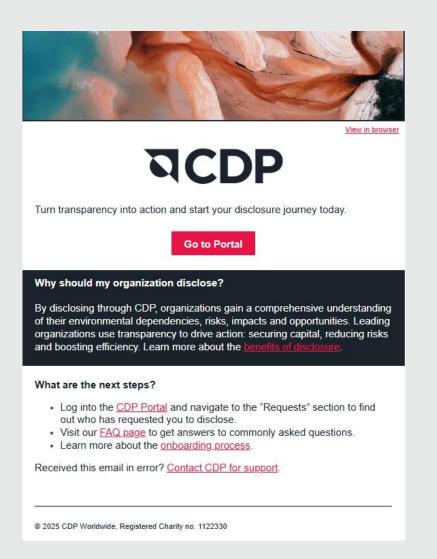
Resources:

- 1. CDP Webinar: <u>Leadership on Renewables: Achieving</u> 100% and Cascading Down the Supply Chain
- Guidance: <u>CDP Technical Note: Conversion of fuel</u> data to MWh



If you are already registered with CDP:

Route 1: Email to login to myportal.cdp.net



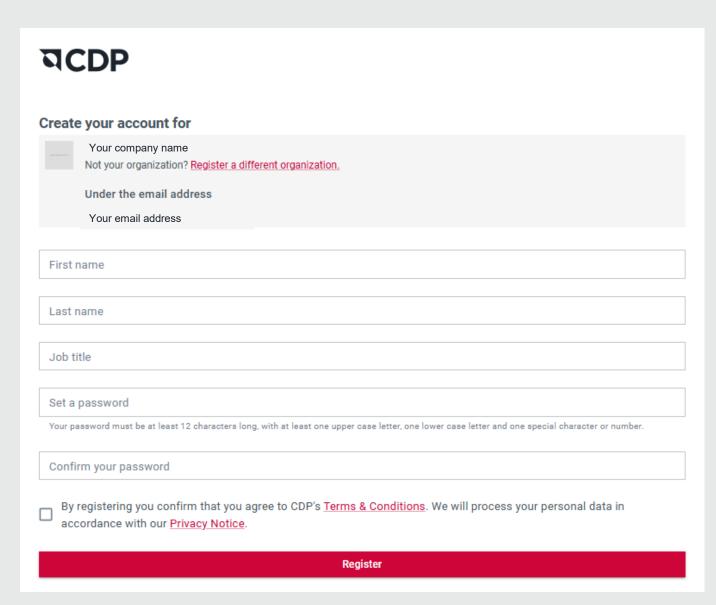




To Register a contact with CDP:

Route 2: Activation Link

- You may receive a registration link from CDP or your customer to setup your username and password.
- Please ensure the company name and your email address are both correct.
- Once you submit your registration, you may login to <u>MyPortal.cdp.net</u> with your username (email) and password.



Register a Contact with CDP:

Route 3: Register to Disclose form

Register to disclose

Thank you for taking the first steps to start your disclosure through CDP.

You should complete this form if your organization is disclosing through CDP for the first-time and require access to the CDP Portal to start your disclosure.

If you have colleagues with access to the CDP Portal, we encourage you to contact them instead, to assist with adding you to your organization's CDP Portal account directly.

Please complete this form in English as best as you can to ensure you are accurately matched to your organization.

Please select your purpose for this registration:

My customer(s) and/or CDP Capital Market signatories have requested my organization to disclose through CDP My organization has not been formally requested to disclose by anyone but would like to disclose through CDP independently

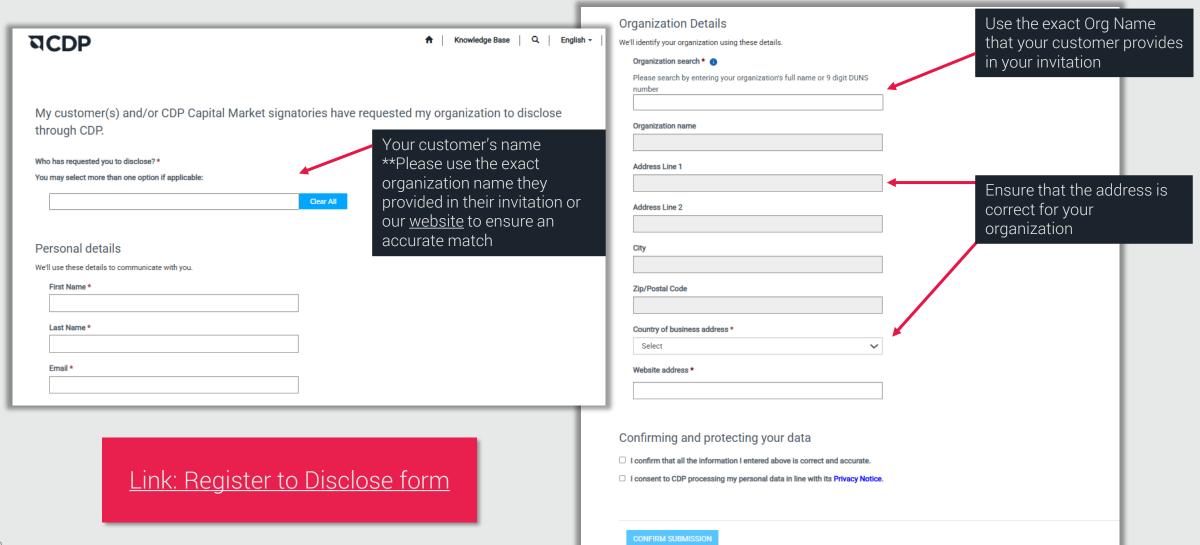
I am part of a City, State or Region that would like to disclose through CDP

Find out more about CDP Disclosure Requests

Register to Disclose Instructions

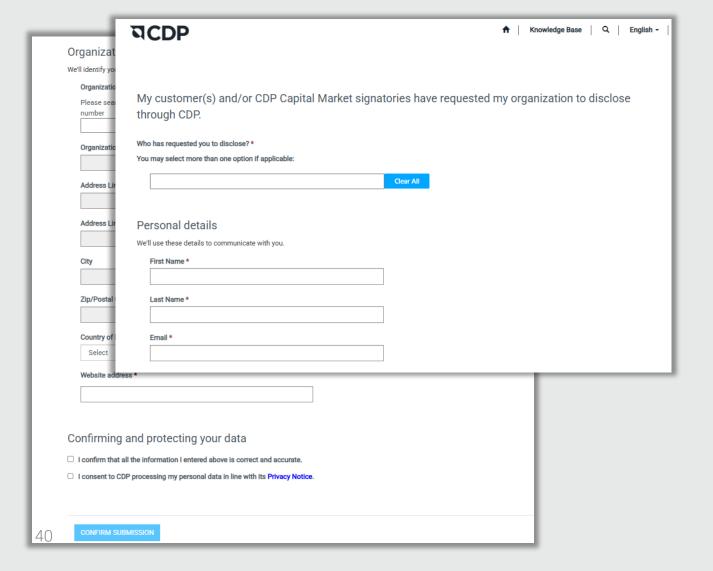
Register a Contact with CDP:

Route 3: Register to Disclose form



Register a Contact with CDP:

Route 3: Register to Disclose form



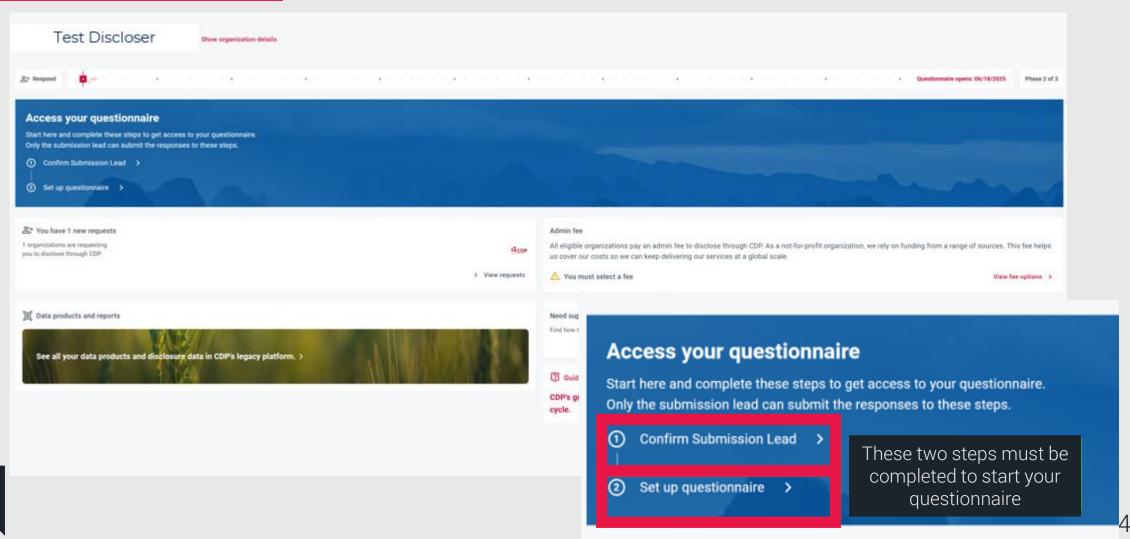


- If there doesn't appear to be a clear match to your customer's organization, please reach out to them to clarify the exact Org Name + DUNS number to use
- Once submitted, CDP will process this over a few business days.
- After it was successfully processed, you will receive an email from mail@cdp.net with an activation link to set up your Portal login.

* Please ensure you check your junk mail and that mail@cdp.net is whitelisted by your organization's IT department.

CDP Portal – Sign in & Homepage

https://myportal.cdp.net/



Best Practice Reporting

- Avoid blank cells, errors, and inconsistencies
- Go through the questionnaire with the scoring methodology and reporting guidance to ensure you meet all possible criteria for each question
- Use the book icon within the questionnaire to open guidance for each question
- For qualitative responses, provide clear explanations, rationales, company specific responses
- Identify and designate teammates for stakeholder outreach and questionnaire response

- Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.
- A 'unique' company specific description in column 'Company specific description' 1 point

| Poor response – 0 points | Average response – 0 points | Good response – 1 point |
|--|--|---|
| Rising mean temperatures have the potential to negatively affect our operations. | Due to a rise in mean temperatures, there is a risk that the energy consumption needed for air conditioning and refrigeration will increase, leading to an increase in costs. There is a particular risk of energy consumption increasing at our shops, offices, and distribution centers. | 60% of our plants are located in central America, an area that has been identified as likely being subject to large increases in mean temperatures. Such increases in temperature may lead to an increase in the energy consumption required for air conditioning and refrigeration to remain effective. This will lead to increased operational costs across our business. |



Guidance and Support

- Visit our online Disclosure Guidance page: <u>Our Question Bank - CDP</u>
- 2025 Questionnaire and reporting quidance
- 2025 SME Questionnaire and Guidance

Questionnaire and reporting guidance 2025

Our focus on stability and core functionality delivery underpins the rationale for minimal changes to the questionnaire and scoring methodology in 2025 – as well as improved support available through detailed guidance and training for account managers.

Disclosers can prepare for the disclosure cycle by downloading PDF versions of our questionnaire and reporting guidance for 2025, below.

Translated versions of these documents will be available in May.



Companies

Questionnaire and guidance for those responding to the CDP Full Corporate questionnaire in 2025

OOWNLOAD - MODULES 1 TO 6 (PDF) 🕹

DOWNLOAD - MODULE 7 (PDF)

DOWNLOAD - MODULES 8 TO 13 (PDF) &



Small and Medium Sized Enterprises (SMEs)

Questionnaire and guidance for those responding to the CDP SME Corporate questionnaire in 2025

DOWNLOAD - MODULES 14 TO 21 (PDF) ±



Cities, States and Regions

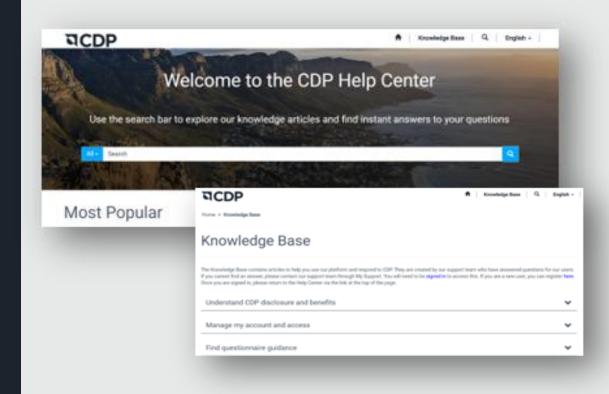
CDP-ICLEI Track questionnaire and guidance for those responding to either the CDP Cities questionnaire or States & Regions questionnaire in 2025

DOWNLOAD (PDF) ±



Using CDP's Help Center

- https://help.cdp.net/
- Knowledge Base: Repository of self-help articles for immediate support
- "My Support" once logged in, you can raise a ticket for CDP (will link to your account)
- Support in multiple languages: English, Portuguese, Japanese, Chinese (Simplified), Spanish
- Popular articles





Supplier Support Webinars

- The rest of our Supplier Support Webinars focus on the following topics:
 - **Climate Change** (July 7-11)
 - Water (July 21-25)
 - Forests (Aug 4-8)
- Languages: English, Spanish, Portuguese, Chinese, Korean, Japanese, French, and German
- Find more information, registration links, and recording links at the webinar webpages.

| Region | Languages | Webinar webpage |
|-------------------------------|----------------------------|------------------------|
| Asia Pacific | English, Korean | Register or watch here |
| China | Chinese | Register or watch here |
| Europe | English, German, French | Register or watch here |
| Japan | Japanese | Register or watch here |
| Latin America | Portuguese | Register or watch here |
| Latin America | Spanish | Register or watch here |
| North America | English | Register or watch here |
| UK, Middle East and Africa | English | Register or watch here |



Resources

Resources for Disclosure in 2025

- Questionnaire and reporting guidance 2025
- Corporate Disclosure Key Changes for 2025
- ▼ CDP- How to Disclose
- <u>CDP Help Center</u>: Knowledge Base and Support Tickets
- FAQs: General disclosure information

CDP Carbon Accounting Webinars

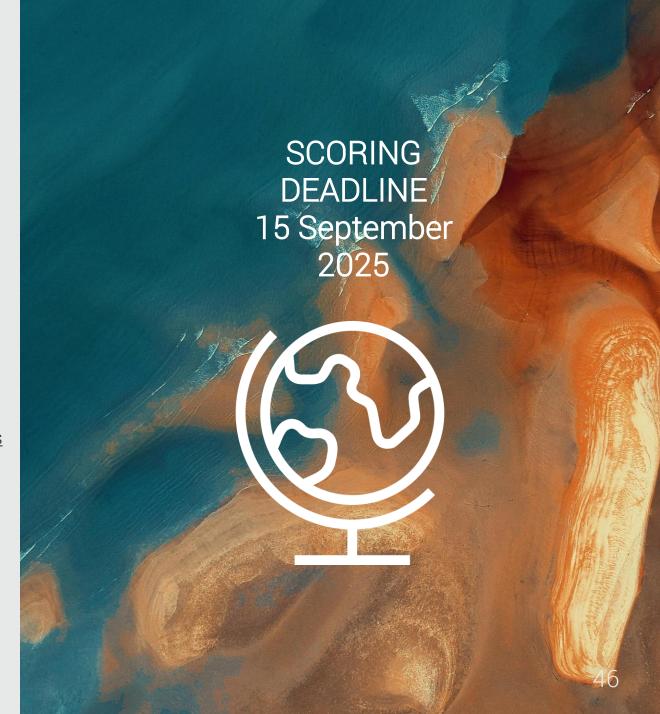
- Scope 1 Emissions Training
- Scope 2 Emissions Training
- Other 2025 Standard Supplier Support webinar recordings

GHG Emissions Accounting Resources and Science-Based Targets

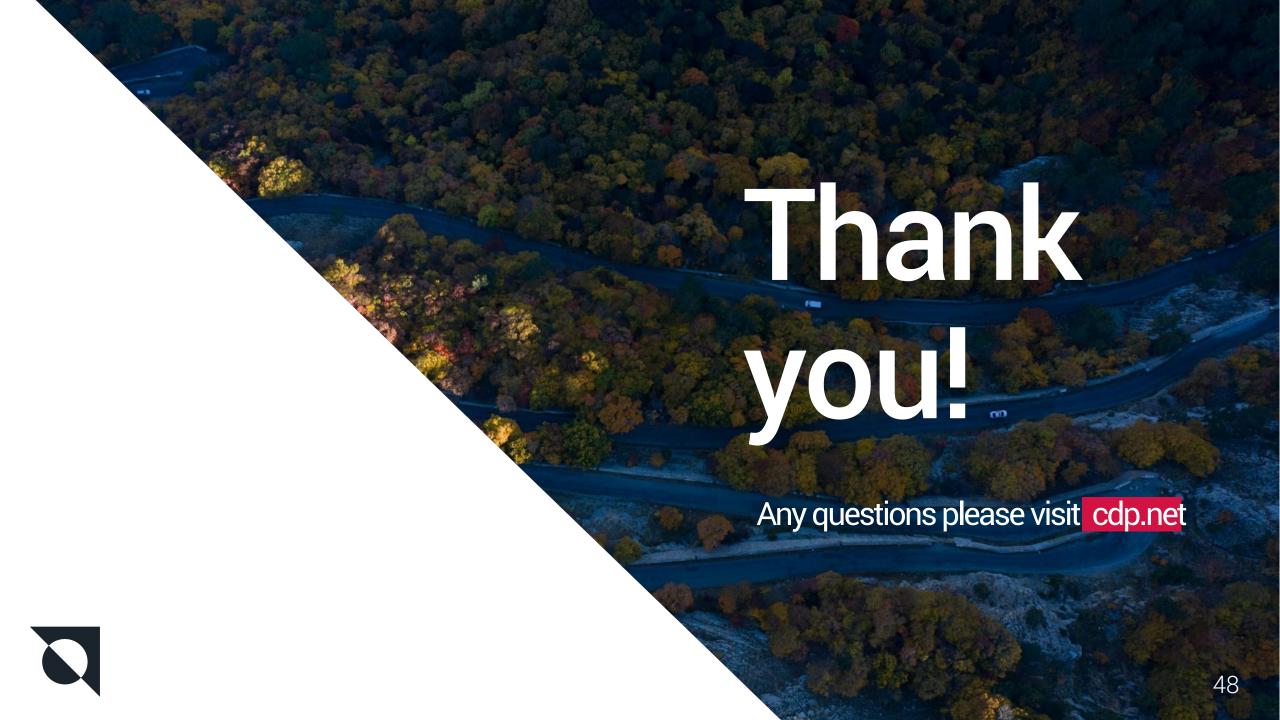
- ▼ EPA GHG Emissions Calculator
- GHG Protocol Corporate Standard
- GHG Protocol Calculation Tools
- ▼ CDP Technical Note on Science-Based Targets



FAQs- The Science Based Targets Initiative







Frequently Asked Questions

What if I can't respond to the entire questionnaire?

- CDP always encourages suppliers to submit a partial response instead of none at all.
- Focus on the specific target questions put forward by your customers to reduce reporting burden.
- Perfection is not expected in your first response, do your best.

Do I have to pay the CDP admin fee?

- In 2025, suppliers do not need to pay a fee to respond to a request(s) from ONLY Customer(s).
- You will need to pay the admin fee if you are ALSO requested to disclose by CDP's <u>Capital Market</u> <u>Signatories</u>



Frequently Asked Questions

- What if I'm based in a non-English speaking country? Can CDP still support me?
 - CDP has global staff willing to help suppliers understand the CDP information request. To request local support or learn about workshops and webinars in a particular country, you should use the online multilingual <u>Help Center</u>.
 - CDP also produces multiple guidance documents to support suppliers completing the questionnaire.
- I'm concerned about data protection and confidentiality
 - Data and information reported in Supply Chain questions are assigned specifically to the requesting company. No other company has access to that information.
 - Supplier scores are never publicly shared regardless of public/non-public submissions if only responding to customer request(s).
 - CDP is GDPR compliant and our terms & conditions for the questionnaires can be found at <u>Terms and</u> <u>Conditions - CDP</u>

