

22 December 2008

CARBON DISCLOSURE PROJECT

CDP Public Procurement

Tom Carnac, Head of Public Sector



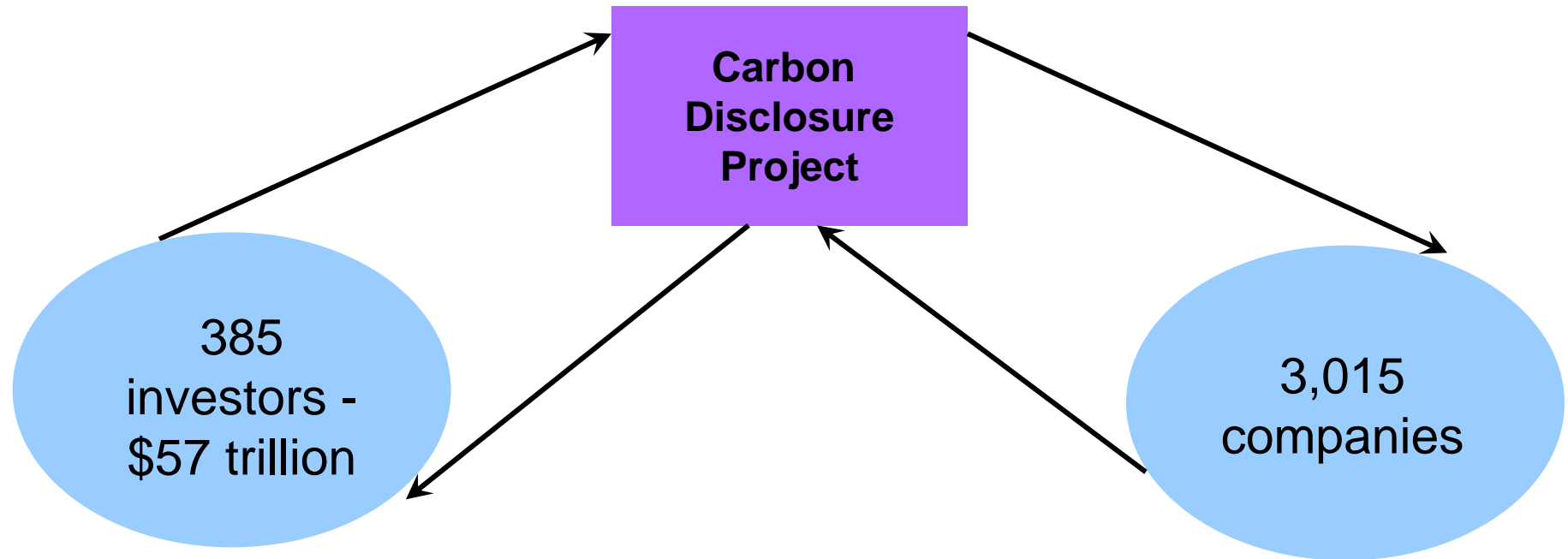
- **Background to CDP**
 - Annual information request on behalf of investors to corporations
- Analysis of the risks and opportunities presented by climate change and strategy to respond to those risks
- GHG emissions accounting
- GHG emissions management, reduction and cost implications
- Climate change governance



“The Carbon Disclosure Project is vital and we have to get everyone to participate”

Former US President **Bill Clinton**

– Leveraging Investor Authority



– From Investors to Purchasers



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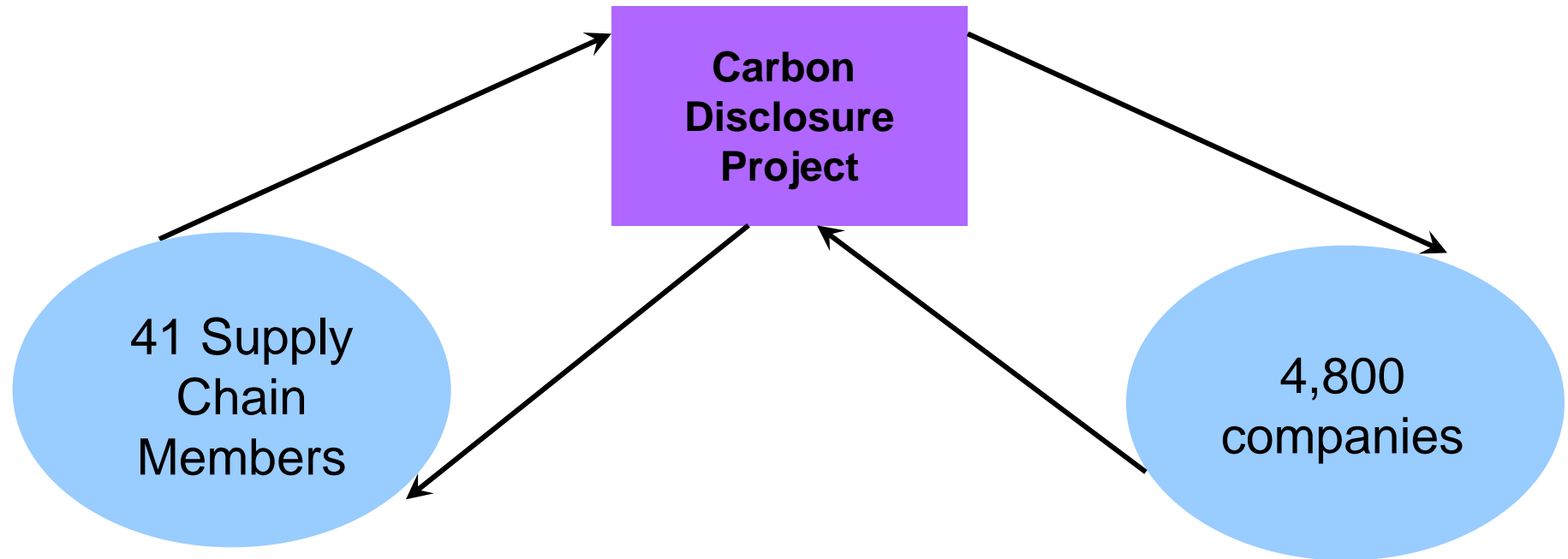
- Represents 15% of GDP in EU
- Considerable power to shape the low carbon economy



“Understanding the carbon emissions and policies of our suppliers through our collaboration with CDP will help to embed the sustainability agenda within our procurement decision making.”

British Foreign Secretary **David Miliband**

Leveraging Customer Authority



Why do this?

➤ **Incorporating climate change into supply chain decisions**

Physical risks of climate change on suppliers

Impact of unpredictable weather on supply chain planning

Financial risk of greater regulation

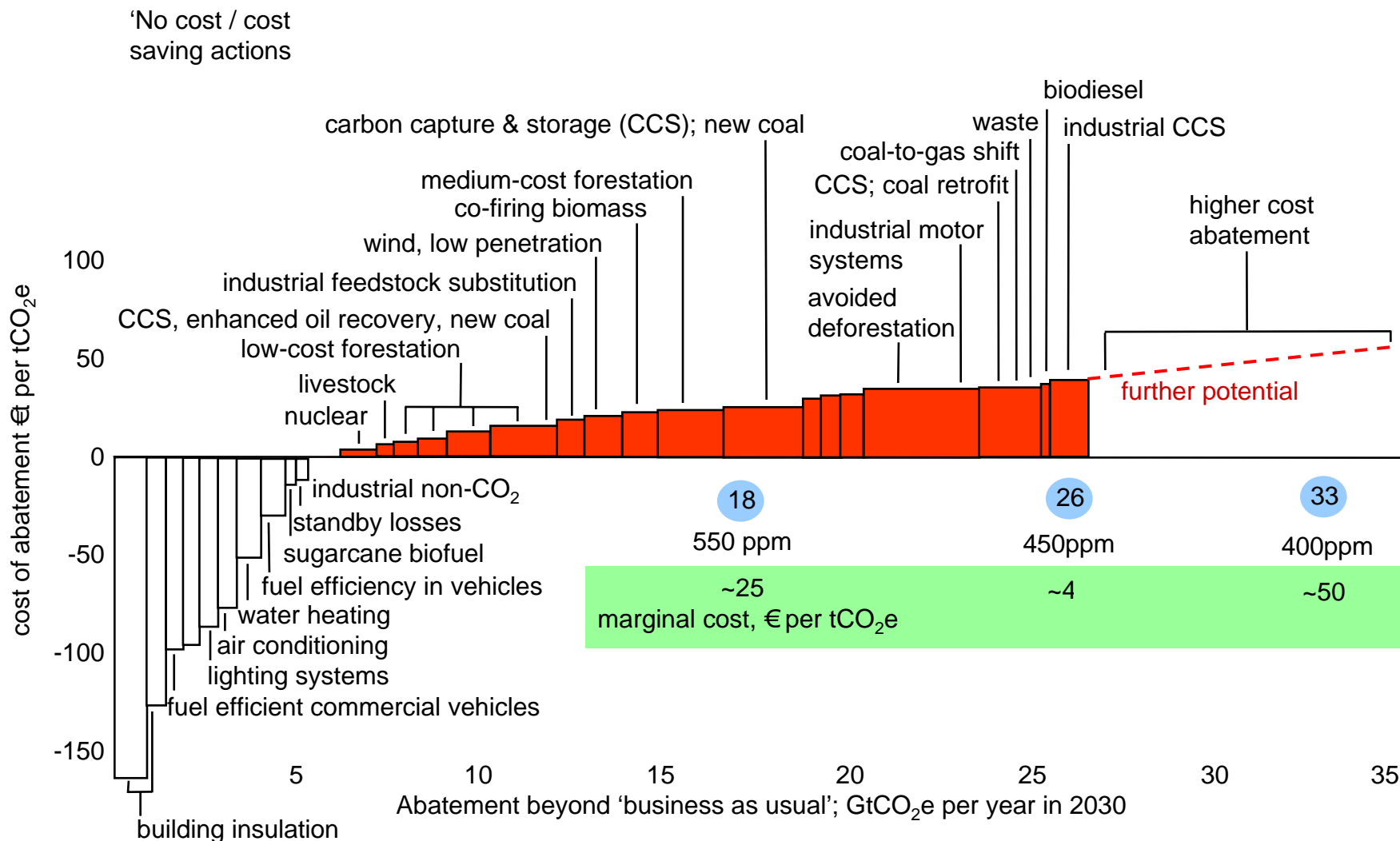
➤ **Disclosure leads to systemic change**

Process of responding triggers discussions and actions

Responses provide a broad view of an organisation's scope 3 emissions

Quality of data and response allows an organisation to rate suppliers

Source: McKinsey & Co (Enkvist, Naucler & Rosander)





I know there's lots of things we can do to make Leeds City Council more 'green', but it's also vital we know exactly what impact we have on the environment. And it's not just us – I want to be assured that the firms we work with are taking the issue of climate change seriously and are working to tackle it.”

**Cllr Richard Brett,
Leader and Executive Board
Member for Corporate Services,
Leeds City Council**

In fighting climate change, we must look beyond the emissions from our own operations and look closely into the products and services we use and the suppliers we work with. I am very pleased that Defra is one of the first organisations to participate in this really important project.”

**Hilary Benn,
Secretary of State for Environment**



CDP Public Procurement Process

- Long-Term Aims
 - Supply chain resilience
 - Carbon footprint
 - GHG emissions reductions
 - Standardised global process
- **Short-Term Gains**
 - Identify carbon hotspots
 - Accelerate understanding
 - Joint innovation
 - Sharing best practice
 - Eliminate waste and costs



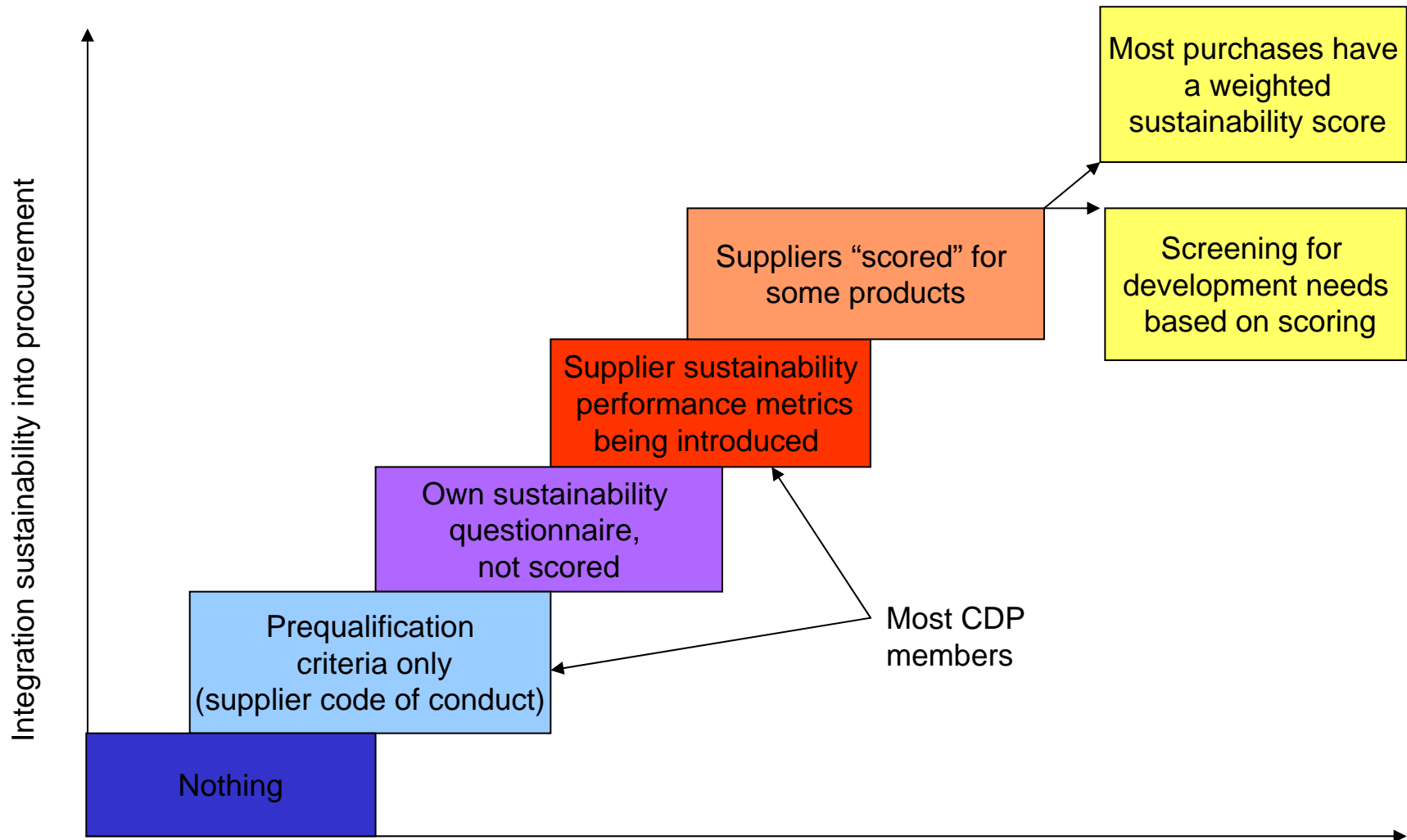
– **Benefits of Collaboration for your Suppliers**

- A standardised Framework
- Avoid duplication of effort
- Support, guidance and feedback
- Learn from their customers and peers

– **Benefits of Collaboration for you**

- Higher response rate from suppliers with multiple requests
- Primary data for scope 3 calculations
- Feed into global Standards development work
- Share best practice for supplier motivation and performance measurement

Measuring Suppliers' Sustainability Performance



– Lessons for Supplier Engagement

- **Don't overwhelm suppliers** – Have a long term strategy and appreciate that everyone is on a learning journey together
- **Needs to be part of a wider supplier engagement strategy** – members that achieved the highest response rates communicated very clearly with their suppliers what they were looking for.
- **Support for integration of data is essential** – interest groups were on adaptation, integration of data and supplier scoring were very successful
- **Regulatory and legal pressures need to be understood** – partnerships with leading organisations are critical to understand the material issues for public sector.

Thank You For Your Attention

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