

CDP and XBRL

Making sustainability disclosure mainstream

1st October, XBRL Japan

Nigel Topping, CIO

Agenda

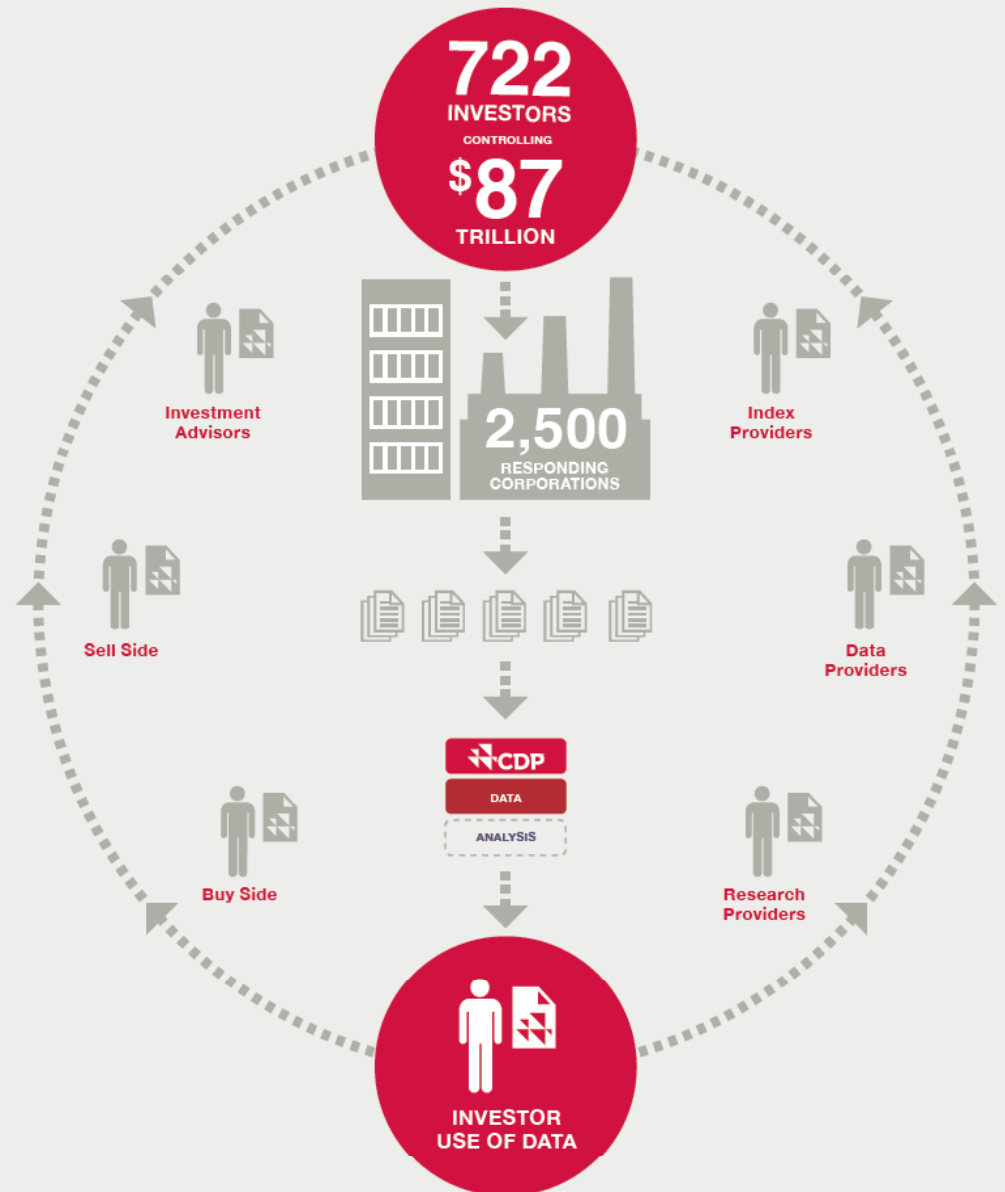
1. Who we are @ CDP
2. Sustainability information to financial markets
3. Why XBRL

CDP

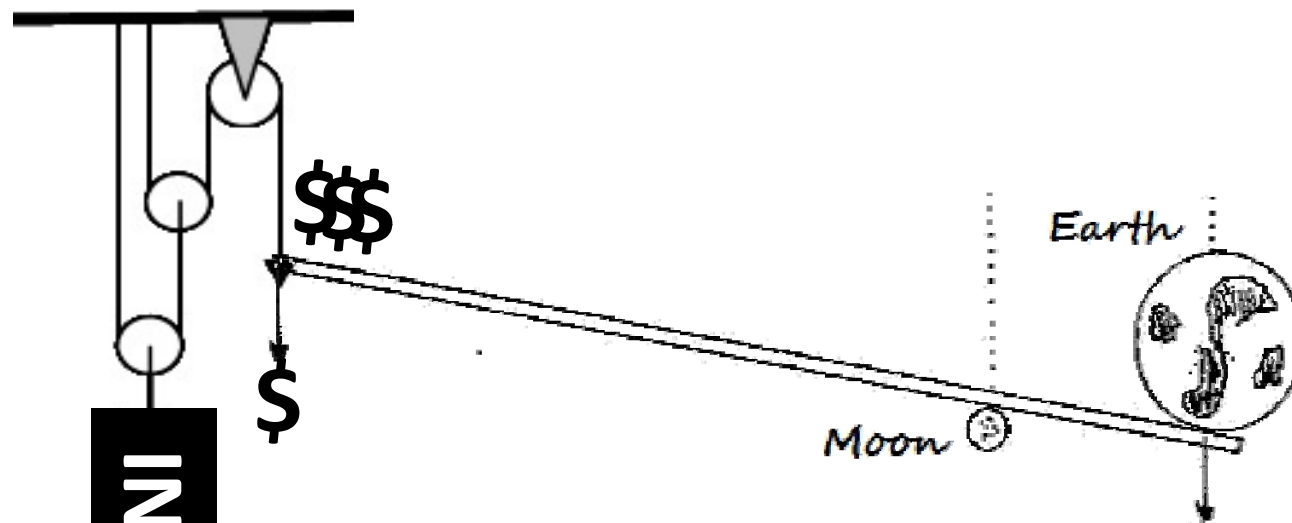
- Non-for-profit international organization
- Founded in 2000
- Investor based initiative
- > 4000 companies reporting
- 722 investors
- = AUM \$87 trillion

Global system for companies and cities to measure, disclose, manage and share vital environmental information

CDP PROCESS



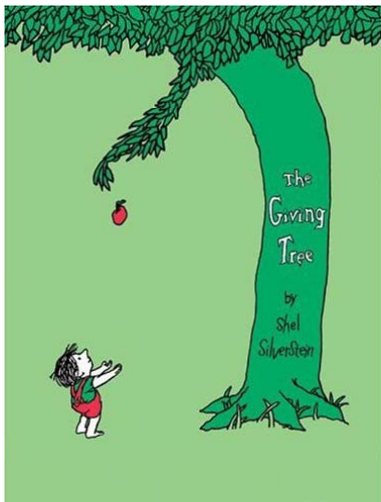
Power of information



INFORMATION

Investors
Client/Supplier
Cities
Citizens

CDP - Programmes

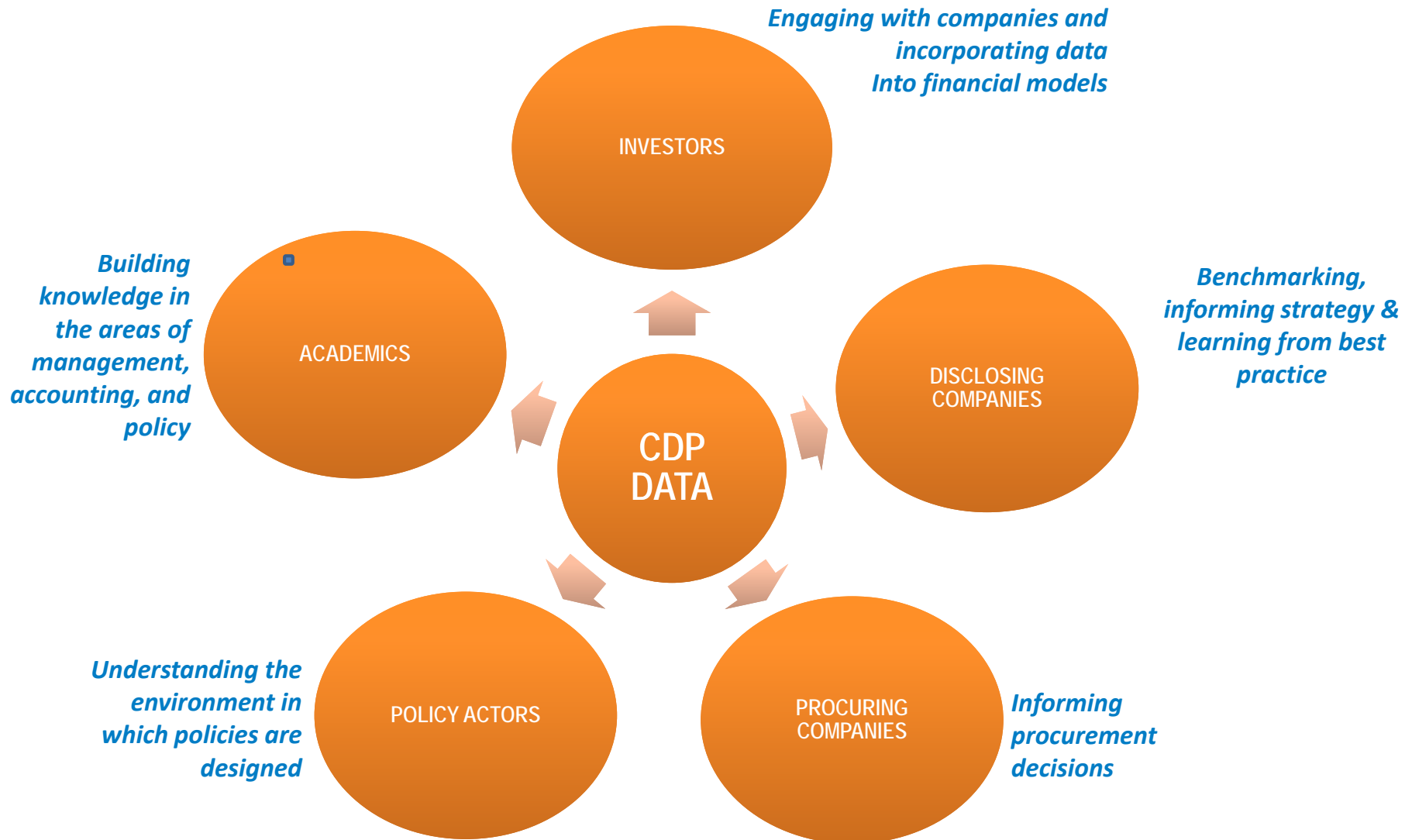


“CDP is to the future of business what the X-ray was to the then-future of medicine — without it, we would never have seen the insides of the patient's health.”

Christiana Figueres

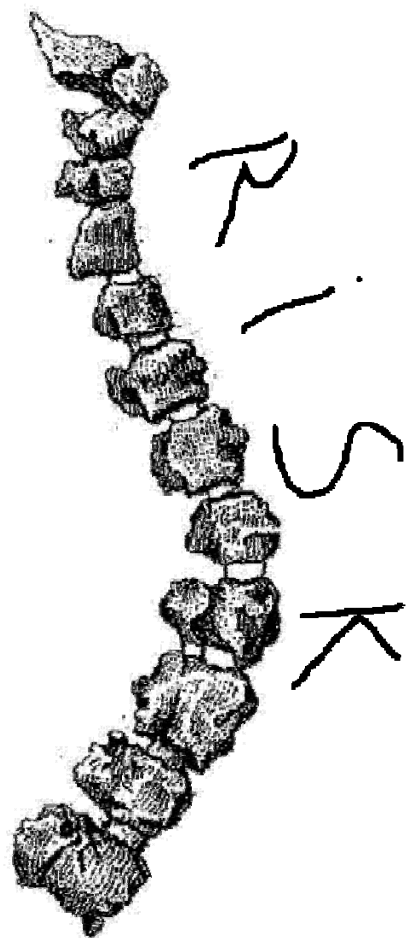
Executive Secretary of the UN Framework Convention on Climate Change (UNFCCC)

CDP – Uses of data



Sustainability & financial markets

FINANCE



Assessment and
transparency of risks across
the board helps to prevent
systemic risks to the global
financial (& economic)
system

Sustainability & financial markets

β = stock sensitivity to market fluctuation –
measures the stock risk

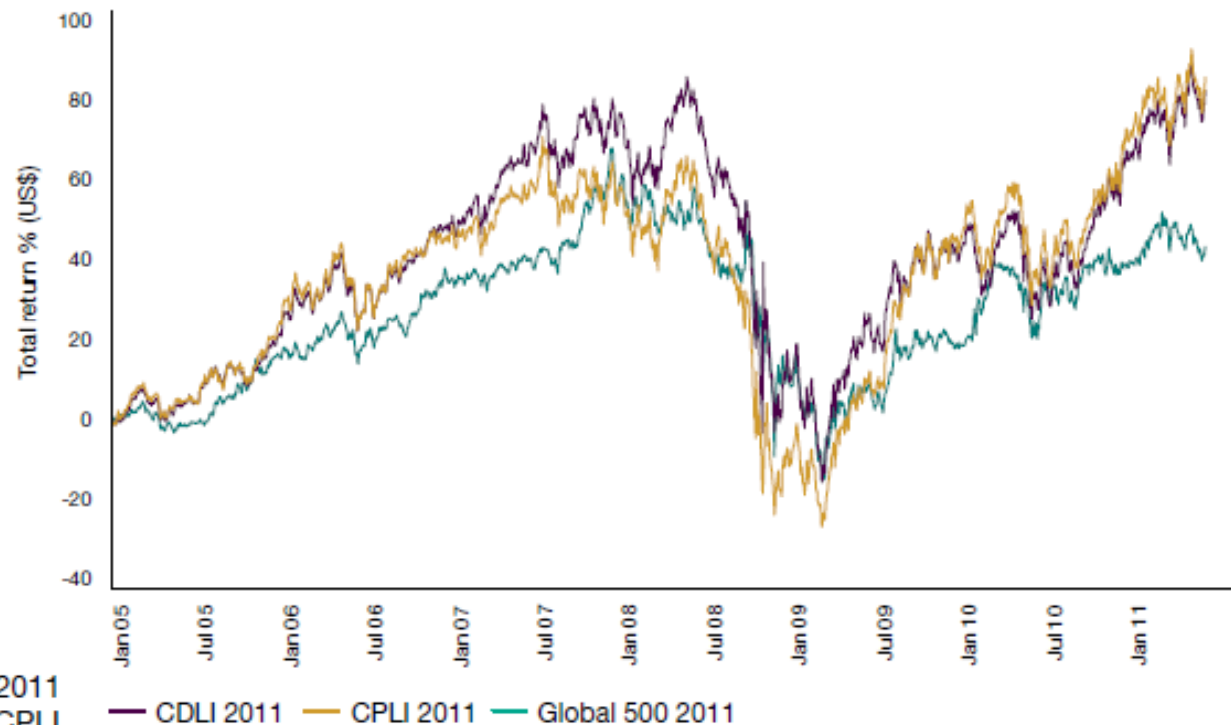
“analysis of potential beta variations led to sustainability impacts of up to $\pm 10\%$ on the target price of companies”

“Sustainability really matters for financially needy companies” (EBIT<15%)

(Valery Lucas-Leclin & Sarbjit Nahal, 2007, Sustainability Analysis, Analysts at Societe Generale)

Sustainability & financial markets

Figure 8: Total return % (US\$)



Source: Bloomberg

Statistical correlation, based on daily returns, between 2011 CDLI and the Global 500 is 0.5, and between the 2011 CPLI and Global 500 is 0.6 (from 1 January 2005 to 31 May 2011). It is likely that other factors will influence the relationship between financial performance and high carbon disclosure and performance scores. These could include the capability of the management team or the company's broader approach to identifying and capitalizing on opportunities or managing risks.

Sustainability & financial markets - climate

Sharp Says Thai Floods to Hurt Sales as Toyota, Ford Cut Output

October 27, 2011, 6:30 AM EDT



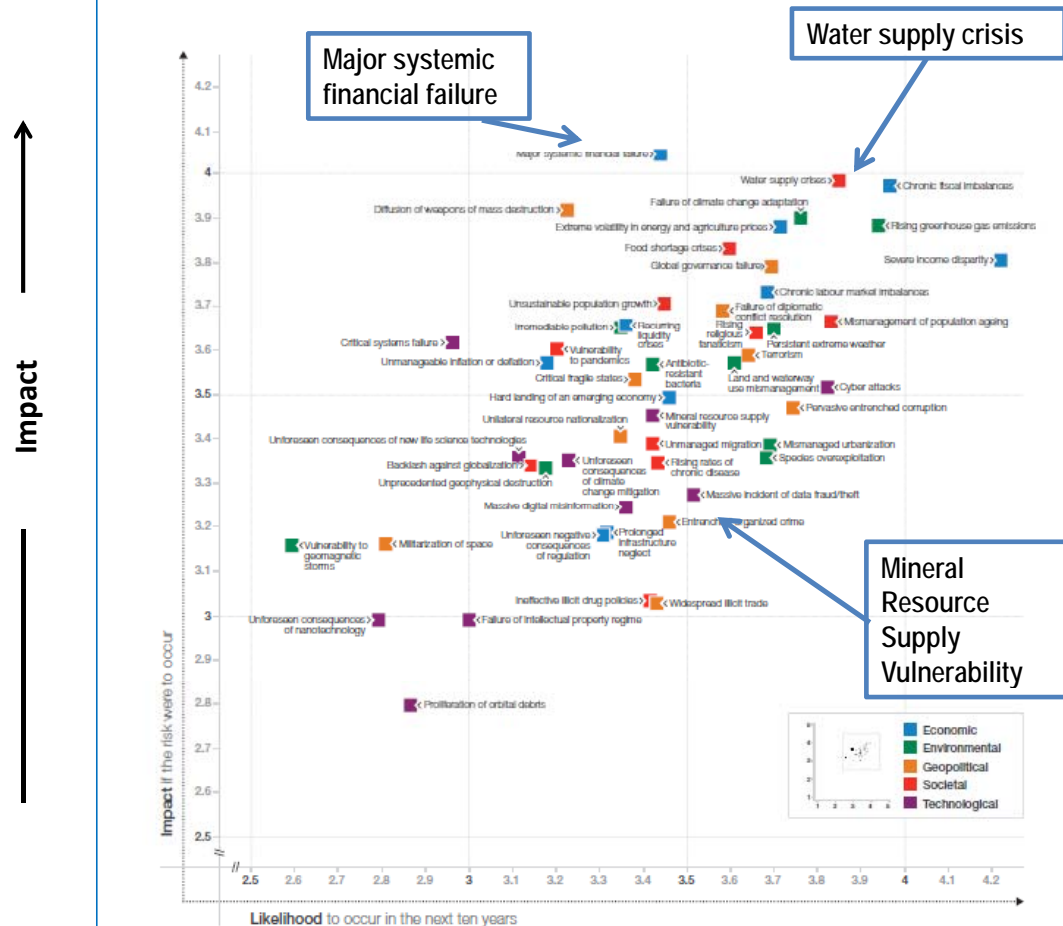
By Terje Langeland

Output losses from the floods that have inundated about 10,000 factories are spreading beyond Thailand as supplies of components for cars and computers are disrupted. Operating profit at Toyota may be reduced by 125 billion yen (\$1.6 billion) as plant closures cut production by 250,000 vehicles through Nov. 20, analysts at Credit Suisse Group AG led by Kunihiro Shiohara said in a report dated yesterday.

"Difficulties securing electronic components are likely to have increasingly significant impacts," Credit Suisse said in the report.

Sustainability & financial markets - water

Figure 2: Global Risks Landscape 2013



Sustainability & financial markets - water

▼ **53%** of companies have already suffered detrimental impacts from water

▼ Sharp rise from 38% in 2011

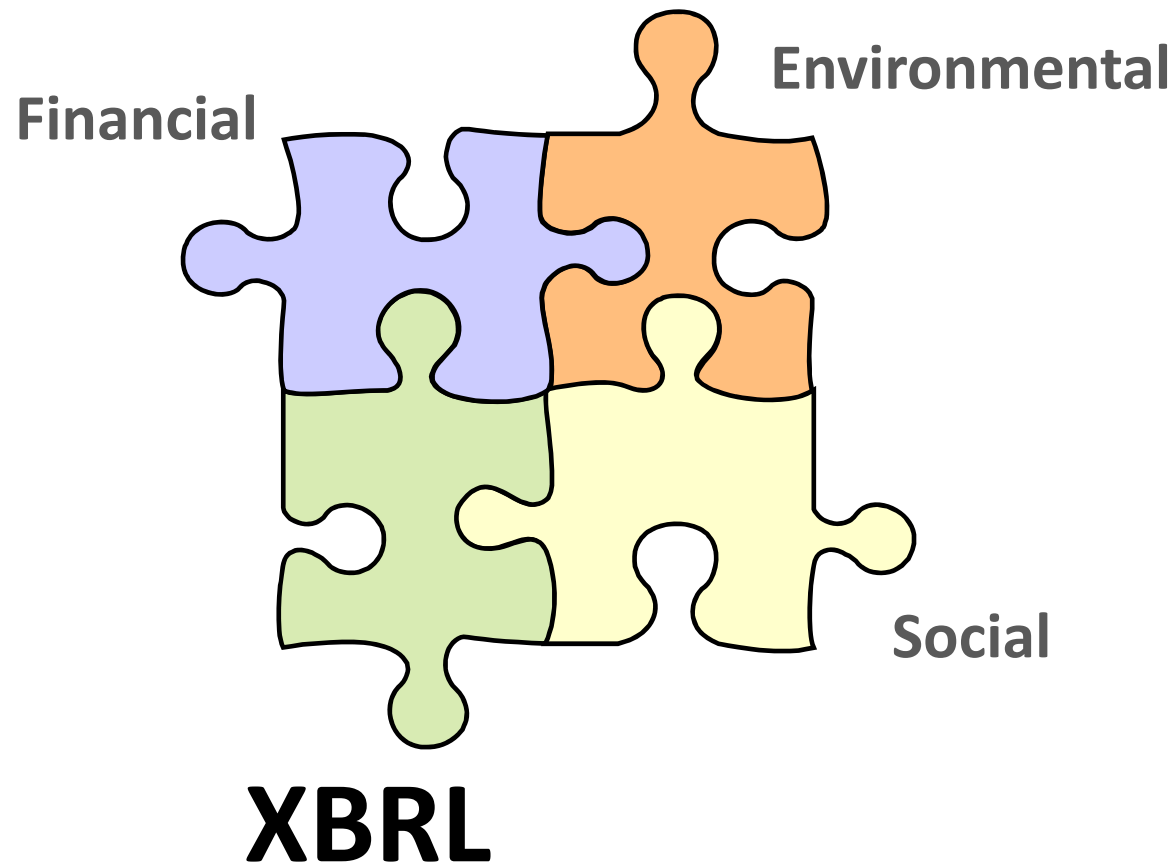
▼ Reported financial costs as high as \$US300 million

Exelon announced the closure of its Oyster Creek, New Jersey nuclear plant 10 years early due to the potential \$800 million upgrade cost of meeting more stringent water permitting conditions

▼ **68%** report exposure to substantive water-related risks

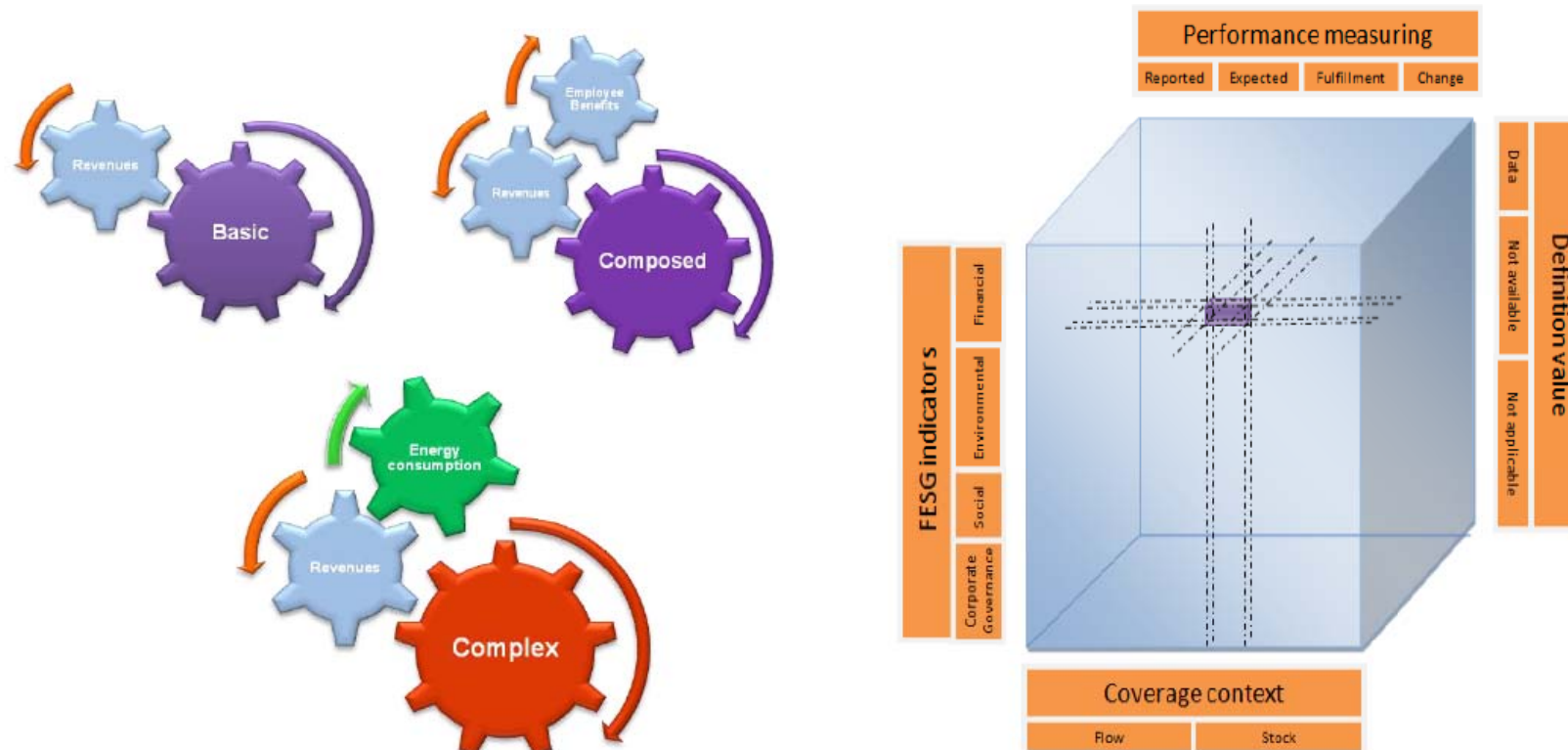
▼ **62%** of risks reported to have potential to impact within 5 years

XBRL – where sustainability fits



Facilitating mash-up of financial and environmental data is made easier by using same technology for ESG and financial data

XBRL – understandable structure



Adoption of xbrl as a standard helps think in a more structured way about the data architecture

How to work without mandates?

Where xbrl is mandated, adoption happens automatically!!

Until now, no mandated use of xbrl for sustainability reporting

So lots of hand-holding is required!!

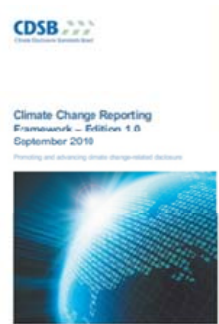
xbrl and Open Data – CDP is exploring the release of xbrl tagged climate change data to the market to drive innovation



XBRL – CDP has created a toolkit for regulators

Publicly available: Climate Change disclosure toolkit

An accounting standard



+ XBRL

An xbrl taxonomy

A reporting platform



xbri for sustainability data – an infrastructure for the future



