

# CDP Supply Chain

2009



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## An Introduction to CDP Supply Chain



### Enabling you to ascertain and manage the impact of climate change

CDP's primary objective is to work with you to help build and maintain a resilient supply chain. The aim of our process is to go beyond corporate citizenship obligations towards safeguarding your survival in the changing regulatory and economic business landscape.

Membership will further your understanding of the risks and opportunities in your supply chain through first class supplier engagement. This will enable you to determine where to focus effort beyond your corporate boundaries to ensure maximum impact in response to new regulatory, shareholder and consumer pressures.

The CDP Supply Chain process ensures you ask your suppliers the right questions, accelerating their understanding of climate change issues as well as yours.

CDP Supply Chain 2008 included Information Requests to over 2,000 companies which make up the supply chains of 33 of the World's leading corporations including **Heinz, Boeing, Acer, Carrefour, and HP.**

CDP is now inviting corporations from an expanded number of sectors to enjoy the benefits of membership in the CDP Supply Chain 2009. This group will work together towards measuring the energy consumption and carbon emissions in their respective and shared supply chains. Opportunities to eliminate waste and identify significant cost savings could be found – both of which have been clearly identified by our members as key drivers in today's economic climate.

### Our heritage and credentials

CDP Supply Chain has its roots and infrastructure in The Carbon Disclosure Project.

The Carbon Disclosure Project (CDP) is an independent not-for-profit organization which acts as an intermediary between shareholders and corporations on all matters related to climate change. CDP's primary role is to promote an ongoing dialogue between institutional investors and senior corporate management regarding the implications of climate change and to encourage the collation and provision of detailed greenhouse gas emissions data. This information is designed to facilitate a rational response to climate change.

At least six of the world's largest companies, including **Procter & Gamble Co., Unilever and Tesco PLC**, will announce today that they are banding together to press their suppliers to release data about carbon emissions and climate-change-mitigation strategies. The group, which also includes **Imperial Tobacco Group PLC and Cadbury Schweppes PLC**, was formed in partnership with the Carbon Disclosure Project.

**The Wall Street Journal, October 2007**

## CDP Supply Chain 2009

Our process acknowledges that you and your suppliers may all be at different points on the learning curve. We provide a framework for comprehensive reporting whilst enabling first-time respondents to take their first steps. By encouraging the transparency of GHG emissions data and the understanding of climate change risks and opportunities, our aim is to move all parties along the curve towards improvement, innovation and action.

Collaborating with other members, within and across industry sectors, provides the opportunity for you and your peers to share and develop best practice regarding supplier engagement and motivation, performance measurement and strategy.

This is an unrivalled opportunity for companies to work with their suppliers through a unified methodology to measure their supply chain emissions using data collected directly from suppliers. This is a key step in managing any corporation's carbon footprint and, critically, in tackling and eliminating waste and developing corporate baselines. Our unified approach prevents duplication of effort and minimizes the burden on your suppliers. We work with you and your other climate change partners in aiming for clear emissions accounting guidelines and standardization.

In April 2009, CDP will send out the CDP Supply Chain questionnaire. As a participating member, you will have the opportunity to select up to 500 of your suppliers and to work with CDP to engage with those suppliers requesting they measure their carbon footprint and report on climate strategy. The response system is completely automated and easy to use.

## Our Members aims and motivations:

*“Participating in the CDP Supply Chain Leadership Collaboration is one of the steps that will help P&G achieve its new 5 year sustainability goals, which include improving the environmental profile of our products across their lifecycles. Working within supply chains to innovate and reduce CO<sub>2</sub>, as well as other environmental impacts, will be a key part of this work.”*

**Dr. Peter White**  
Director,  
Global Sustainability, P&G

*“...The collaboration with the CDP and other companies with similar aims should accelerate learning and leverage expertise in this critical arena. Hence we are delighted that participation in the Supply Chain Leadership Collaboration pilot is continuing to grow. We look forward to being part of this work over the coming months.”*

**Ian Midgley**  
Senior Vice President,  
Supply Chain for Unilever plc

*“This initiative fits our ‘Performance with Purpose’ mission. It’s a great opportunity for us to work closely with our suppliers to encourage them to understand and reduce their carbon footprints, and to identify opportunities where we can work together with them to reduce our collective impact on the environment. In doing so, we hope to develop a more economically secure supply chain that is able to face the tough climate change challenges that lie ahead, one that we believe will bring long-term future benefits to PepsiCo UK, our suppliers, and the environment.”*

**Walter Todd**  
Vice President,  
Operations for PepsiCo in the UK

*“Tesco is one of the founding partners in the new CDP initiative for the supply chain. It has a simple aim: to bring together major retailers and key brands so that we can understand, report and reduce carbon emissions within the supply chain. I very much hope that firms who supply us and our competitors will consider being part of this venture”*

**Sir Terry Leahy**  
CEO,  
Tesco

*“For decades HP’s Design for Environment Program has focused on innovation, reducing environmental impacts and responsible practices in product development, operations and supply chain. We joined the CDP Supply Chain Leadership Collaboration project to help develop a consistent and appropriate methodology for reporting energy use and carbon emissions throughout the supply chain.”*

**Pat Tiernan**  
Vice President, Social and  
Environmental Responsibility,  
HP

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## Membership Benefits and Levels



## The key benefits of Membership

### *For Your Business*

- An opportunity to respond to increasing material and fuel costs in the supply chain
- Identify the most effective cost and carbon reduction opportunities
- Increased awareness of climate change risks and opportunities in the supply chain
- Work towards joint R&D innovation projects with suppliers
- Implement standardized and simple reporting resulting in access to data to make business decisions
- Build relationships with existing suppliers by inviting them into a process which offers support and accelerates their learning with CDP webinars, calculators, multi-lingual guidance and the opportunity to be nominated for Awards

### *For Your Climate Change Strategy*

- Increased visibility of carbon footprints in the supply chain
- A first step towards calculating your upstream supply chain emissions with primary GHG emissions data direct from your suppliers
- Access to database of supplier responses using search criteria, downloadable to excel
- A clear and effective signal to the supplier communities that their response is important

### *Working with CDP Supply Chain*

- Network with other members and share learnings and best practice
- Access to an efficient process which enables members to engage with suppliers through a standardized mechanism, reducing the risk of duplication and questionnaire fatigue in the supply base
- Working through a respected, third party NGO, reduces the risk of potential concerns from suppliers of being over-pressurized
- The opportunity to shape the process of GHG reporting in the supply chain
- Positive media coverage from CDP press releases (depending on membership level)

## Membership levels

CDP is offering a tiered membership structure for 2009. Each tier is detailed at the back of this brochure, along with costings and inputs. The aim of the tiered system is to enable maximum entry-level opportunities to all corporations wishing to begin their work in what is set to become the procurement practice of 2009. Those with greater levels of resources and internal commitment are invited to help shape and drive the project as Advisory Members.

The 2009 offering includes a longer term membership option to those wishing to budget and plan their supply chain activities over a longer period. CDP will ensure that each member's supplier list remains confidential.

### **Use of CDP responses from suppliers**

Subject to permission from responding suppliers, responses will be made publicly available on the CDP website, like the majority of CDP responses. If a supplier stipulates that they do not wish their response to be public, it will only be made available to CDP Supply Chain members. A supplier may also stipulate that the data only be made available to their customers.

A report will be produced based on the findings which will provide valuable insight into the trends and challenges associated with the measurement and management of supply chain emissions.

**“Essentially, emissions are a by product of waste, so if you are willing to analyze where your emissions are coming from, you can often find areas where you can reduce emissions and that saves you energy and money.”**

**Robert Watt  
Communications  
Manager,  
Stockholm  
Environmental Institute,  
August 2008**

**“Our analysis suggests that for consumer goods makers, high-tech players, and other manufacturers, between 40 and 60 percent of a company's carbon footprint resides upstream in its supply chain.”**

**The McKinsey  
Quarterly,  
July 2008**

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## Timeline 2009

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**Date**

January to March 09

April to July 09

August to December 09

**Stage**

Preparation

Disclosure

Data Analysis

**Activities**

- 2008 Results launch
- Members to compile supplier list and brief suppliers
- 1st Feb CDP Investor Request to communicate the possibility of a customer request in April.

- CDP Supply Chain request emailed to suppliers in April
- Webinars and workshops provided by CDP for suppliers\*
- Regular reminders sent to suppliers by CDP and Members.

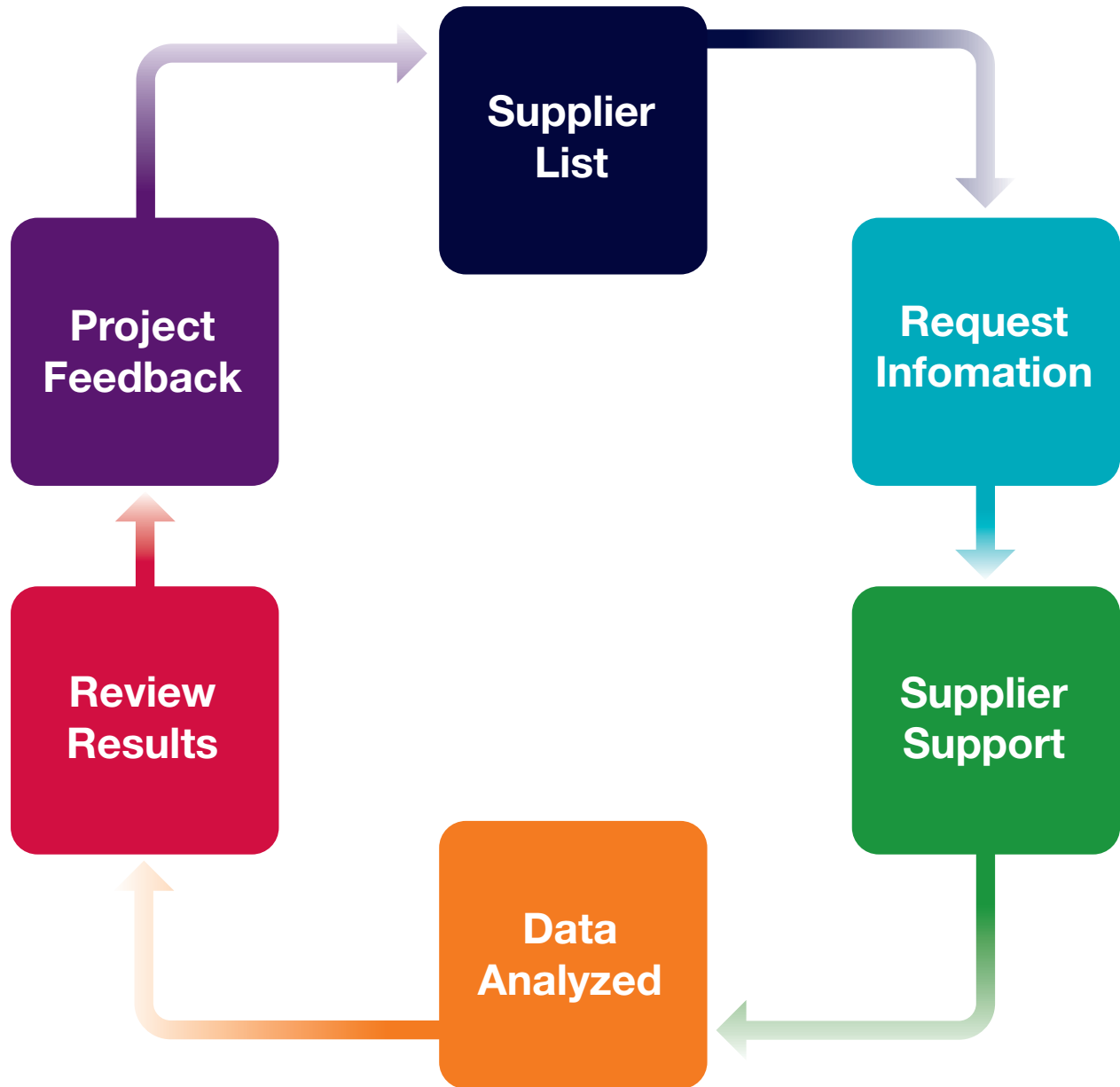
- CDP Supply Chain 2009 report written
- CDP Supply Chain 2009 launch late November
- Members individual data analysis.\*

\*Dependent on Membership level

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**CDP Supply Chain Process**

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- Member identifies and briefs suppliers for participation.
- CDP Supply Chain information request emailed to suppliers.
- Encouragement and support offered to responding suppliers.
- Responses due. Data analyzed. CDP Supply Chain Report and Results Launch with Awards.
- Members review responses with suppliers.
- Members feedback to CDP on process and questionnaire design.

## Membership levels and opportunities with CDP Supply Chain

### Advisory Members

You are invited to join CDP Supply Chain as an Advisory Member. Advisory membership status is extended to a maximum of ten organizations within our membership portfolio. As an Advisory Member you will be invited to guide and inform the future CDP Supply Chain Process. This is a high profile thought-leadership role which requires key input from your organization in collaboration with CDP and other Advisory Members.

### **This premium membership package includes the following:**

1 year @ \$95,000; 3 years @ \$75,000/year

### Benefits:

- All benefits of Corporate Member (see next page)
- Logo on Report
- Logo at Launch
- Seat on CDP Supply Chain Advisory Board
- Nominate a key supplier for Supplier Advisory Board
- Opportunity to work with CDP on a research project aligned with the CDP mission
- Opportunities to co-present at conferences and contribute articles.

“For many companies the majority of emissions are found in the supply chain – companies with good corporate governance on climate change understand that by measuring supply chain emissions you can cut energy costs and emissions, as well as making the supply chain more carbon efficient.”

Paul Dickinson  
**CEO,  
Carbon Disclosure  
Project**

## Membership levels and opportunities with CDP Supply Chain

### Corporate Member

Those joining us on a Corporate Membership will benefit from dedicated Account Management and support, roundtable events, working groups and webinar support for your suppliers on how to get started.

#### The key benefits include the following:

1 year @ \$30,000; 3 years @ \$22,500/year

#### Benefits:

- Support at supplier events and internal meetings
- Input into CSR reports
- Logo on website, mentioned on press releases
- Analysis of data by individual supplier list
- CDP Supply Chain 2009 process as administered by CDP with up to 500 suppliers
- Launch event – invitation and Awards voting rights
- Conference Calls, Roundtables, ‘Interest’ groups
- Report
- Review and development of the CDP Supply Chain Roadmap
- Consultation on questionnaire.

“In addition to reducing emissions from their own operations, companies are looking to reduce CO<sub>2</sub> emissions across their whole supply chain, and across the life cycle of their products. This represents significant opportunity to apply real commercial incentives to generate innovation within the supply chain both at the corporate and supplier levels.”

**Pricewaterhouse-  
Coopers LLP,  
September 2008**

## Membership levels and opportunities with CDP Supply Chain

### Data Member

Data membership is a new low cost model designed to offer an entry level experience by working with a select number of your key suppliers. By focusing on a maximum of 10 suppliers you can generate a one to one dialogue and assess their understanding of and readiness for climate change. Data members do not receive the support of a CDP Account Manager or opportunities to network with other members.

### Data membership includes the following:

10 suppliers @ \$3,750

### Benefits:

- CDP Supply Chain process as administered by CDP with up to 10 suppliers
- Inclusion in Report
- Company name listed on website (no logo)
- Email support and information packs in place of dedicated account management
- Online application form at [www.cdproject.net/datamember](http://www.cdproject.net/datamember)

Wal-Mart announced in 2007 that it will begin asking its suppliers to measure their carbon footprint and find ways to reduce it, part of an effort by the world's largest retailer to transform itself into a more environmentally friendly company. It will work with the Carbon Disclosure Project, a non-profit group of 315 institutional investors that control \$41 trillion in assets, to collect data on greenhouse gas emissions, emissions reduction targets and strategies for dealing with climate change for its suppliers in those product categories.

**The Washington Post  
September 2007**

## **CDP Supply Chain Corporate Members 2008**

Acer	Juniper Networks
Banco Bradesco	Kellogg's
Boeing	L'Oréal
BT Group	Merrill Lynch & Co.
Cadbury	National Grid
Carrefour	Nestle
Celesc	Newmont Mining
Colgate Palmolive	PepsiCo
Dell	Procter & Gamble
Exelon	Prudential
Fiji Water	Reckitt Benckiser
Heinz	Royal Mail
HP	SSL International
IBM	Tesco
Imperial Tobacco	Unilever
Johnson & Johnson	Vale
Johnson Controls	Vodafone