

2023 CDP Non-Disclosure Campaign: Results Report

January 2024



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2. Previous iterations of the NDC have used the term 'investor' in reference to the campaign's largely asset manager participants. However, as the campaign has continued to grow and gain support from a broader cross section of the global capital markets, CDP has moved to reflect this in the language of the campaign. Throughout this report, and in all future campaigns, we will use the terms 'financial institution(s)' and/or 'capital markets actor(s)' where 'investor(s)' would have been previously used.

Foreword



Sebastian O'Connor
Associate Director,
UK Capital Markets

As we delve into the progress achieved through the 2023 CDP Non-Disclosure Campaign (NDC), a critical takeaway is that persistent direct engagement continues to play a vital role in fostering transparency and accountability on environmental impact. Although CDP sent a massive disclosure request to more than 15,000 corporates on behalf of 740+ signatories in April 2023, this indirect request to disclose can only go so far. For companies reluctant to produce fulsome and transparent environmental disclosures according to a standardized framework, we must work directly with our signatories to push for action. We are pleased to say that our signatories are truly leading the way in this campaign.

The success of the 2023 NDC campaign demonstrates financial institutions' (FIs) commitment to help kickstart companies' transformative journeys toward disclosure, and to play their part in building a sustainable and thriving global economy.

The NDC has proven itself as the most comprehensive route through which capital markets actors engage with investee companies. The campaign facilitates a direct, personal approach between FIs and their portfolio companies to make clear the benefits of disclosure through CDP, and to incentivize environmental action. Today, the campaign represents the world's second-largest disclosure request after the annual CDP Disclosure Request and stands as an integral part of the successful growth of corporate disclosures year after year.

A key achievement highlighted in this report is the fact that companies engaged by the NDC tend to continue to disclose, with a staggering 90% of companies continuing to report to CDP in subsequent years – even without direct engagement through the campaign. This underscores the enduring value of disclosing through CDP in general and the lasting impact of the NDC in fostering a culture of transparency within these organizations.

It is difficult to change corporate culture. Yet, persistent engagement is a cornerstone of success in the NDC. Changing a company's stance on disclosing environmental impacts can be a major challenge and it may take several years of engagements through the NDC to persuade a company to disclose. Therefore, we see every engagement, between a participant of the NDC and a targeted company, as a success.

As we measure the results of the 2023 CDP Non-Disclosure Campaign, it is evident that our collective efforts are making a tangible impact on the disclosure landscape. The NDC remains an essential catalyst for change, driving companies toward a future where transparency, accountability, and sustainability are not just ideals but fundamental principles guiding corporate practices.

Key takeaways from the 2023 Non-Disclosure Campaign



2023 saw a record number of participating financial institutions (FIs) and companies targeted for engagement

This year, CDP's campaign was supported by 288 FIs with nearly US\$29 trillion in total assets. These FIs selected 1,590 companies from a list of non-disclosing corporates for targeted engagement regarding the importance of disclosure through CDP - marking an 8% increase from 2022. Of these companies, 1,134 were requested directly by their shareholders or bondholders to disclose information on climate change, 414 on forests, and 463 on water security.



317 companies disclosed after engagement by the FIs in the 2023 NDC

In total, 221 companies disclosed in the campaign after the engagement by FIs on climate change, 58 on forests, and 66 on water security. For the past five years, the number of companies disclosing has tripled, with an average yearly growth of 37%.



Companies were twice as likely to disclose after being targeted by FIs through the 2023 NDC

Of the 1,590 non-disclosing companies engaged by FIs, 317 companies disclosed through CDP for the first time; a response rate 2.2 times higher than among those companies not engaged. This significant difference has stayed consistent throughout previous NDCs and remains a strong indicator of the NDC's success.



Engagement from FIs leads to substantial uptick in forests disclosure

In the 2023 campaign, participants had the strongest impact on encouraging companies to disclose through CDP's forests questionnaire, compared to climate change and water. Traditionally a lagging theme in terms of disclosure rates, within the NDC, the targeted companies were 6.8 times more likely to disclose on forests. This incredible result demonstrates that companies are ready and able to provide critical disclosures on forest impacts if they see that there is demand for this data from their investors and lenders.



Financial institutions have substantial influence to improve disclosure rates in Europe and Asia

Companies in Europe and Asia (excluding Japan) engaged by FIs were three times more likely to disclose than those in the control group. Within the companies targeted in the NDC, Japan was the region with the highest disclosure rate, 39%, followed by 24% in Europe. Oceania had the lowest disclosure rate at 8%, while FIs had the least impact on companies in North America.



Sectors that have a critical impact on water resources are listening to their shareholders

Financial institutions that engaged with companies in the biotech, health care, and pharmaceutical sectors, on water disclosure, had the biggest impact. The response rate for these sectors was 7.6 times higher than that of the control group. This very strong result shows that sectors that may perceive their impact on water is not worth being transparent about can react quickly to investor pressure.

CDP Non-Disclosure Campaign overview



CDP's role in enabling comprehensive environmental disclosure within our portfolio companies cannot be overstated. The platform's user-friendly interface has been instrumental in streamlining our analysis and decision-making processes regarding environmental risks and opportunities. Over the past two years of leading the CDP Non-Disclosure Campaign, we've witnessed notable progress in transparency and accountability among our engaged companies. Their commitment to reporting on climate, forests, and water security through CDP reflects not just increased transparency, but a journey toward accuracy and completeness. This sustained engagement, supported by CDP, has yielded tangible results, further solidifying the importance of robust environmental data in our strategic decision-making.



Laura Vélez,
Head of ESG,
FAMA Invermentos

FAMA | Invermentos

To achieve a net-zero future, it is essential that companies disclose the impacts their operations have on the environment and be fully transparent about their plans and progression towards environmental sustainability. Investors and banks work with CDP annually to request that companies participate in CDP's main disclosure request by responding to CDP questionnaires across the key environmental themes of climate change, forests and water. However, as of 2022, a number of high-impact companies have yet to report their environmental impacts through CDP. CDP's Non-Disclosure Campaign (NDC) targets these companies that have failed to disclose their data in previous years via CDP disclosure requests.

The NDC runs in parallel with CDP's main disclosure request. However, unlike the yearly disclosure request, where CDP engages with a large number of companies on behalf of all signatories, the NDC relies on direct engagement from participating financial institutions (FIs). The campaign provides a unique opportunity for shareholders or lenders to directly engage with their investee companies, specifically and personally requesting environmental disclosure.

The campaign aims to leverage the influence of FIs to drive more robust disclosure by increasing the number of companies responding to CDP's disclosure requests. Findings from previous cycles of the NDC have shown that companies are more likely to disclose their environmental data when approached directly by FIs.

The capital markets signatories that participate in the NDC can become either lead or co-signers. Lead signatories are responsible for selecting the non-disclosing companies who will be targeted by the campaign and manage the overall engagement with them, with administrative and logistical support from CDP. Co-signers demonstrate their support for the campaign by undersigning all company-specific engagement letters sent by the lead signatories to the targeted companies.

Campaign timeline



FEBRUARY

Sign-up for the campaign opens for CDP capital markets signatories.

FEBRUARY - MARCH

During this period participants who wish to lead in the campaign select which companies they would like to lead the engagements with. For participants wishing to co-sign, they must complete the online form.

MARCH

The sign-up period closes. Participants must have their selections by this point.

MAY

The NDC team provides lead participants with the materials they need to begin their engagements. This includes their unique, signed engagement letter, support documents, contact information etc.

MAY - AUGUST

During CDP's disclosure period lead participants engage their target companies and drive them to disclose.

OCTOBER

After CDP's disclosure period closes, the results of the campaign are analyzed and shared with participants.

CDP Non-Disclosure Campaign overview

(continued)



At a time when environmental disclosure requirements keep increasing and competing standards are emerging, we support the CDP framework as the broadest and most-established. We have been promoting it towards our portfolio companies specially in emerging markets for several years in a row.

Karine Hirn,
Chief Sustainability Officer,
East Capital Group



Signatory participation

Throughout the campaign, FIs actively encouraged their portfolio companies to begin disclosing environmental information through CDP's TCFD-aligned disclosure platform. CDP's 740+ capital markets signatories can choose to participate in the NDC. This year, a record 288 signatories with nearly US\$29 trillion in assets participated in the campaign - a 10% increase compared to 2022. Importantly, the number of lead signatories increased from 143 to 164, meaning more FIs are taking an active role in leading the campaign and directly engaging with companies on environmental disclosure.

Participants in the 2023 NDC were located across the world. This year, the largest proportion of participating FIs were based in Europe (50%), followed by the United Kingdom (20%) and North America (18%).

There was also an increase in the number of participants from Asia, excluding Japan, and Oceania. The majority of participating FIs are asset managers (74%), followed by asset owners: non-corporate funds (10%), insurance companies (6%), corporate pension funds (4%), and banks (4%). For a detailed breakdown, see Figure 2 and Figure 3.

Figure 1 CDP capital markets signatories supporting this year's NDC. Breakdown of leads and co-signers

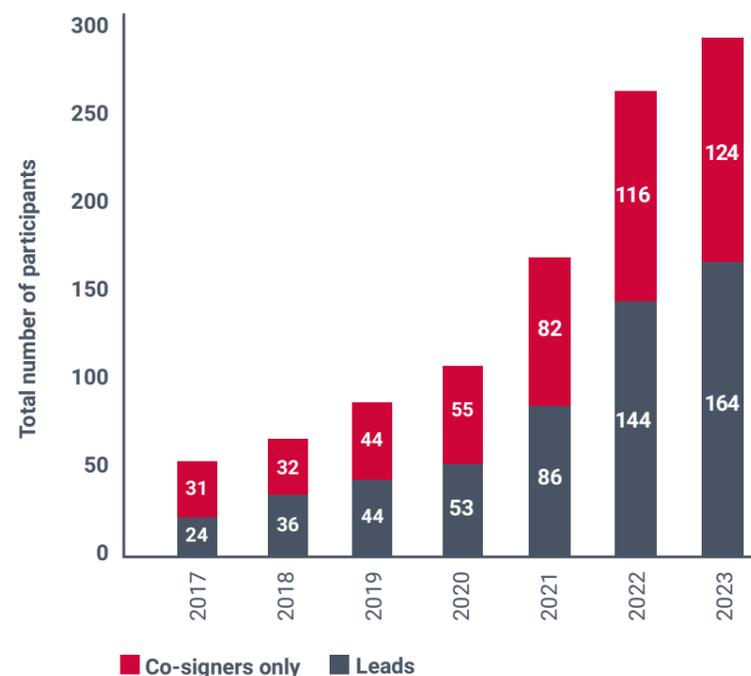


Figure 2 Breakdown of the 288 participants supporting the campaign based on the region they are headquartered in

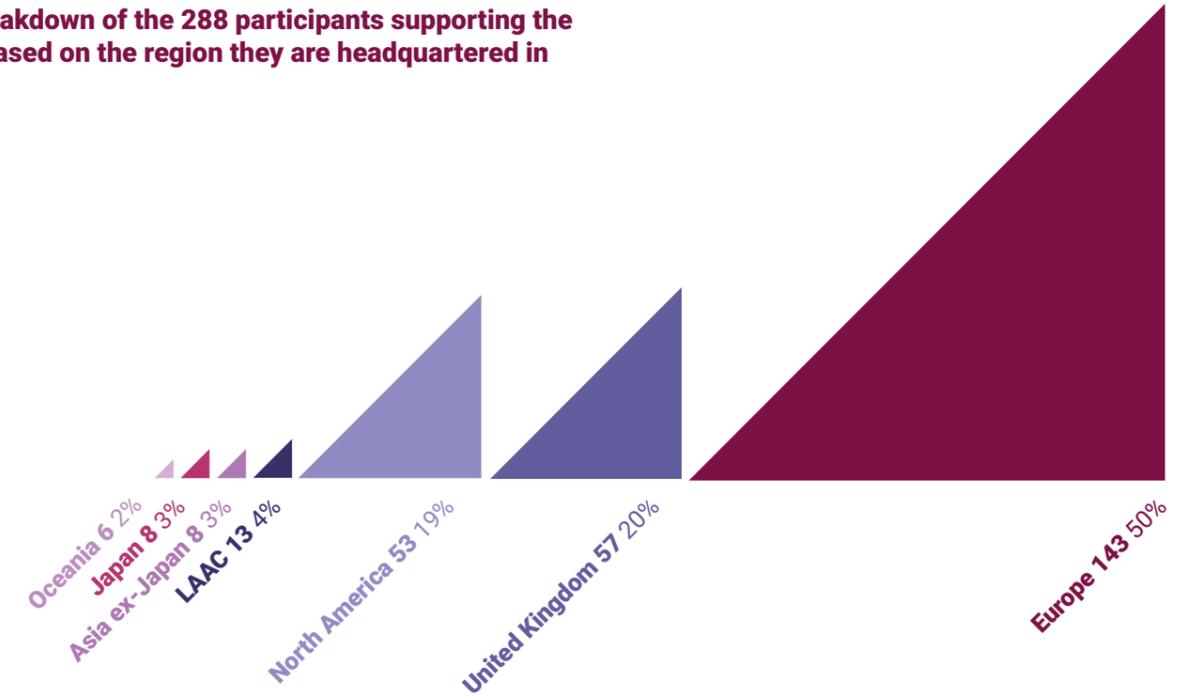
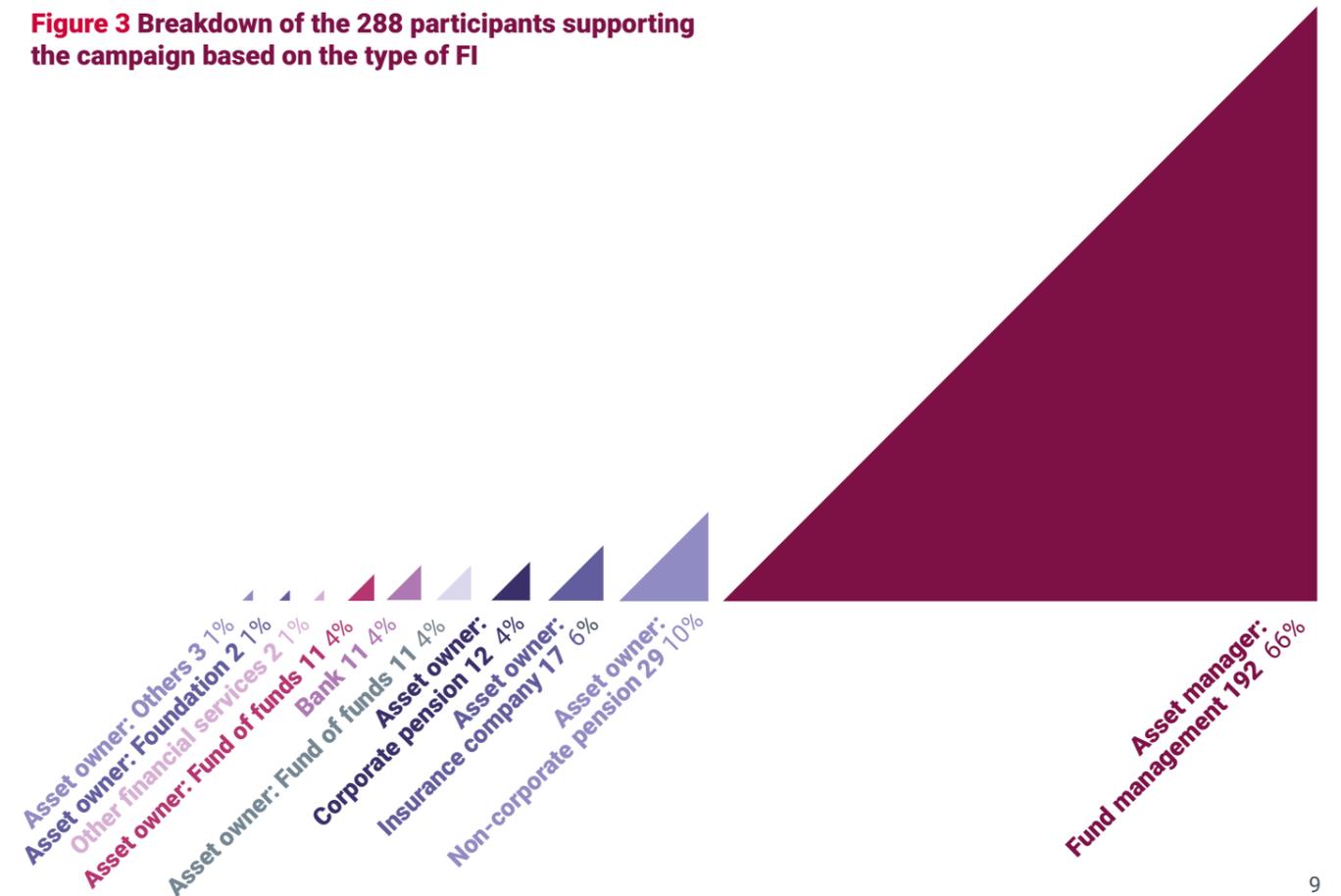


Figure 3 Breakdown of the 288 participants supporting the campaign based on the type of FI



CDP Non-Disclosure Campaign overview (continued)



The CDP 2023 Non-Disclosure Campaign effectively brought more issuers under the reporting tent and expanded the universe of data available to us as we assess the environmental risks and opportunities within our security selection decision-making. CDP's platform offers comparability across issuers on environmental data and should become more valuable as it aligns with the latest standards from the ISSB and the TNFD. It's this ability to compare effectively that is so beneficial to investors.



Peter Mennie,
Chief Sustainable Investment Officer,
Manulife Investment Management

Manulife Investment Management

Companies targeted for engagement

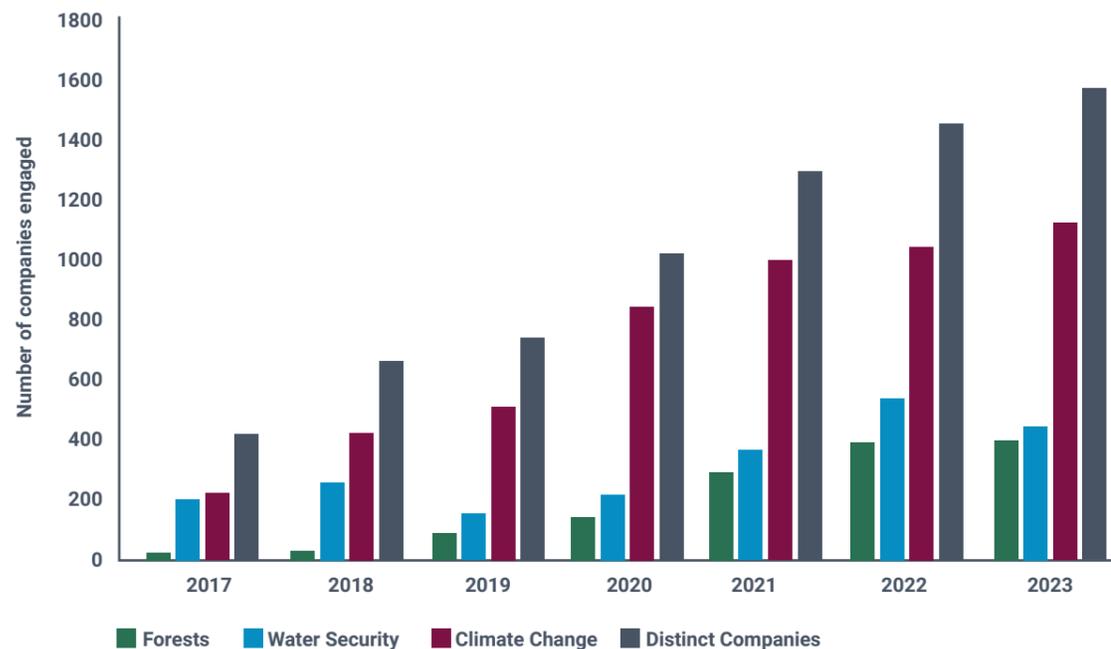
For this year's NDC, out of a total 6,011 non-disclosers, a record 1,590 companies were targeted - representing an 8.5% increase from 2022. Together, these high-impact companies emit an estimated 4,200+ megatons (Mt) of carbon dioxide equivalent (CO₂e) annually – nearly equivalent to the combined GHG emissions of the United Kingdom, the European Union and Canada.

Of these companies, 1,134 were asked to disclose information on climate change, 414 on forests and 463 on water security. While the number of companies targeted for engagement on water decreased by 16% compared to last year, climate change and forests targets increased by 8% and 2.2%, respectively. The year-on-year increase in forests engagement reflects a growing awareness amongst FIs of the impact that corporate activities can have on forests and the risks posed by deforestation on business operations.

Additionally, this is the first year that the NDC offered FIs the opportunity to engage companies on their plastics-related impact and request plastics disclosures through CDP's water questionnaire. This reflects the continuous potential for participating FIs to engage across a wider range of environmental themes.

Results

Figure 4 Companies targeted in the NDC by year



Results



As human activity increasingly strains the world's natural resources and drives climate change, joining the CDP Non-Disclosure Campaign was a logical step for BNP Paribas Asset Management. Boosting corporate transparency around climate, deforestation and water security is key not only for companies to monitor and improve their practices, but also for investors to manage their risk exposure and seek new opportunities. We believe collective engagement is an efficient avenue to do so. In this regard, the positive results accounted from year to year in this campaign are promising.

Paula Meissirel,
Senior Stewardship Analyst,
BNP Paribas Asset Management



This section will analyze disclosures across different markets and sectors across our three questionnaires. Disclosures of companies targeted in the campaign can often be a result of multi-year engagement so this section aims to flag those achievements as well as highlight where impact can be made in future editions of the NDC.

Campaign impact methodology

To quantify the impact of direct engagement through the campaign, a comparison was conducted between the disclosure rate of companies targeted by the NDC and those of the control group. This is to minimize factors aside from direct engagement from FIs that may have contributed to companies' decisions to disclose through CDP. The control group is made up of companies that have failed to respond to one or more disclosure requests from CDP, but that were not engaged in this year's NDC. In total, there are 4,421 companies in the control group this year. By comparing the disclosure rates of the two groups, a "difference factor" was calculated and the impact of FIs engagement quantified. All the data analyzed in this report is either from the NDC sample or the control group; data from CDP's general disclosure is not included.

Figure 5 Disclosure rates of each theme across both samples

	Control group		NDC sample		NDC vs control group disclosure rates	
	Submitted	Disclosure rate	Submitted	Disclosure rate	Absolute difference	Difference factor
Distinct companies	399	9.0%	317	19.9%	10.9%	x2.2
Climate change	350	10.5%	221	19.5%	9.0%	x1.9
Forests	28	2.1%	58	14.0%	11.9%	x6.8
Water security	46	7.6%	66	14.3%	6.7%	x1.9

Overall results and success ratio

Companies targeted in the NDC were 2.2 times more likely to disclose through CDP across all themes. Of the 1,590 companies engaged, 317 finally disclosed. Although the disclosure rate has dropped from 2022, the number of companies engaged in the NDC has continued to grow. This allows FIs to continue to expand their impact across the market globally, which has resulted in a similar difference factor to last year's campaign.

2.2x

Companies targeted were 2.2 times more likely to disclose to CDP across all themes

Results by questionnaire type

Climate



221

companies responded on climate change

The climate change questionnaire saw the highest number of companies responding following engagement from FIs in the campaign. In total, 221 of 1,134 companies targeted by the campaign disclosed through CDP's climate change questionnaire, representing a 19.5% response rate. Companies targeted by the campaign were 1.9 times more likely to disclose than the control group. Some household names disclosed on climate for the first time following the NDC, including **Moderna, CK Infrastructure and Zoom Video Communications Inc.**

Forests



26%

increase in companies responding on forests

As a highlight of the 2023 campaign, FIs had a significant impact on the number of companies disclosing on forests, with targeted companies being 6.8 times more likely to disclose on this theme than the control group. Although the forests questionnaire had the smallest submission number among the three themes in both the NDC sample and the control group, it is the only questionnaire that saw an increase in the total submission numbers compared to 2022. In total, 58 of 414 targeted companies disclosed (14% disclosure rate) on forests, which represents a 26.1% increase from the 2022 campaign. Household names that disclosed on forests for the first time include **Toyota Motor Corporation, SANOFI and the Home Depot, Inc.**

Due to the growing focus on biodiversity in the market and increased understanding of the role that deforestation and land-use change play in contributing to biodiversity loss¹, FIs are urging their portfolio companies to disclose data on their forests impact.

Additionally, CDP's increased engagement with FIs has helped them understand forest-related risks, drawing attention to their portfolio companies that still need to respond to CDP's forests questionnaire. The recently introduced framework from the Taskforce on Nature-related Financial Disclosures (TNFD), which CDP intends to align with, will also reduce the reporting burden on companies seeking to disclose their nature-related information and enable FIs to have greater access to standardized data on nature².

¹ CDP Global Forests Report 2023: <https://www.cdp.net/en/research/global-reports/global-forests-report-2023>
² <https://www.cdp.net/en/reports/downloads/6527>

Water



66
companies
responded
on water

Companies engaged by FIs were almost twice as likely to disclose through CDP's water questionnaire compared to the control group. This is a similar result to the 2022 campaign. This year 66 of 463 companies targeted in the NDC disclosed through the water questionnaire, with a submission rate of 14.3%. Household names that disclosed on water for the first time include **BMW AG, Equinix** and **Hugo Boss AG**.

Moreover, CDP introduced a module on plastics to the water questionnaire³ this year, allowing high-impact companies to measure, monitor and reduce their levels of plastic pollution. For the first time this year, the NDC urged FIs to engage with high-impact companies on this issue, resulting in an 11% disclosure rate on plastics from the high-impact sample.

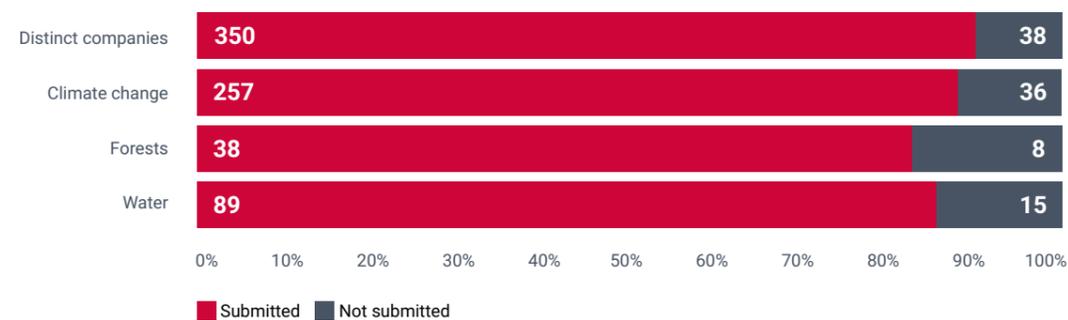
90%
resubmitted
in the 2023
disclosure
cycle

Resubmission from previous campaigns

Each year the NDC looks at whether companies continue to disclose through CDP after they have disclosed for the first time subsequent to being targeted by the campaign. Tracking the resubmission rate of companies that disclosed after being targeted in the NDC is key to monitoring the progress and impact of the campaign.

Of the 388 companies that disclosed following the 2022 NDC, 350 (90%) resubmitted in the 2023 disclosure cycle. Climate change had the highest resubmission rate at 88%, followed by water at 86% and forests at 83%. The high resubmission rate demonstrates the lasting impact of FIs' engagement efforts. Companies that submitted for the second year include **Alibaba Group Holding** on climate change; **Adidas AG** on forests; and **Prada** on water.

Figure 6 Second year disclosure rate of companies targeted in the 2022 NDC



As investors, we rely on robust, accurate, and meaningful disclosures - to identify risks and opportunities for our portfolio holdings and candidates. From our conversations with companies, those that disclose energy and water use through CDP can leverage the information to improve upon future disclosures. We also understand that responding through CDP can help companies focus on disclosure metrics that are most meaningful to investors.

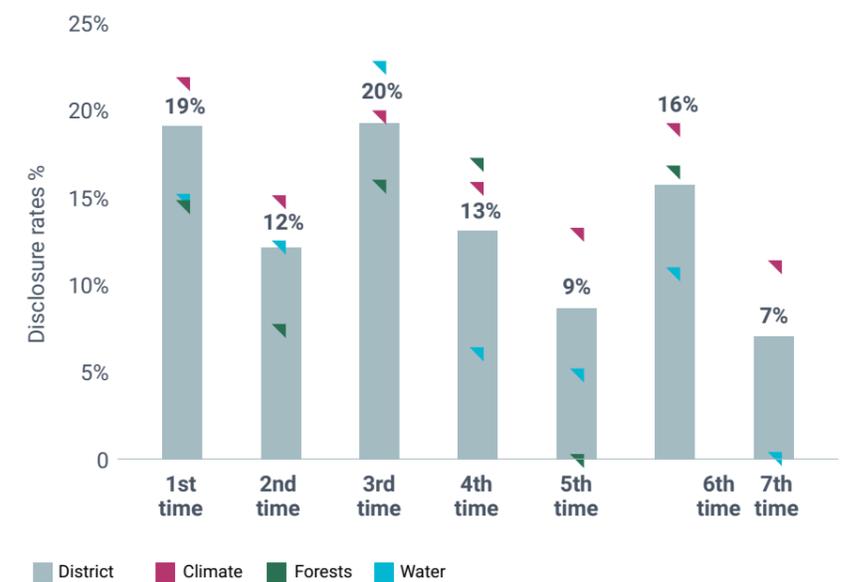
Patricia Karr Seabrook,
Shareholder Advocacy Coordinator,
Miller/Howard Investments, Inc.



Multiple-year engagement

Many FIs participating in the NDC have engaged with certain companies over multiple years. Year-on-year engagement is an important tool in encouraging companies to disclose through CDP for the first time. In the 2023 campaign, we recorded one company that disclosed for the first time following seven years of direct engagement from FIs through the NDC. We also recorded eight companies that disclosed after the sixth round of engagement through the campaign. This is an encouraging result and highlights the positive impact of persistent engagement from FIs. **Electronic Arts Inc** is the only company that disclosed for the first time on climate change after seven years of engagement in the campaign. **O'Reilly Automotive** and **AO Smith** submitted to the climate change questionnaire after six years of engagement, while **Mowi ASA** and **Hugo Boss AG** submitted to water after six years. The following figure illustrates the response rates of companies that have been targeted over multiple years compared to those being engaged for the first time across all themes.

Figure 7 Disclosure rate for companies in the NDC sample by the number of years they have been engaged by FIs through the campaign



³ CDP's environmental disclosure system opens for reporting on plastics for the first time at the request of investors with US\$130+ trillion in assets: <https://www.cdp.net/en/articles/media/cdps-environmental-disclosure-system-opens-for-reporting-on-plastics-for-first-time-at-request-of-investors-with-us130-trillion-in-assets>

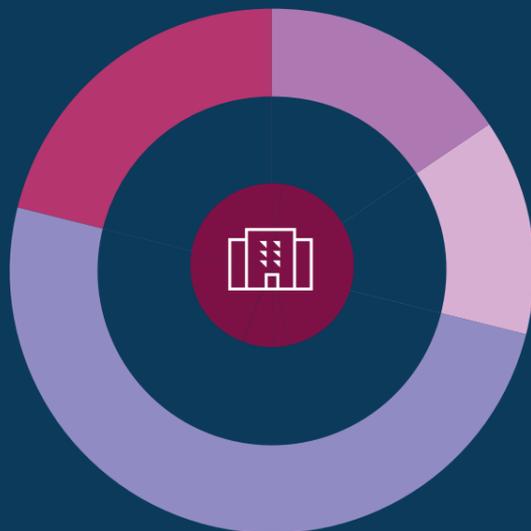
50%
of participants
said that companies
responded
positively following
engagement

Case Study: Engagement response from companies

Although the NDC provides valuable opportunities for FIs to engage with portfolio companies on environmental disclosure, not every engagement is successful. From the above analysis, continuous engagement across multiple years is key to driving companies to disclose for the first time. This year, CDP also collected feedback from campaign participants on how companies responded to their engagement letters. From the feedback we collected, 50% of participants said that companies responded positively following engagement, while 13% responded negatively, 16% reported a mix of positive and negative, and 21% did not respond at all.

Figure 8 Companies response to NDC engagement

- No response 8 21%
- Positively 19 50%
- Both positive & negative 6 16%
- Negatively 5 13%



For companies that responded negatively to engagement by the campaign, one of the main reasons they gave was that they did not have sufficient time or resources for CDP reporting; but might start preparing to disclose in the next year. This reinforces the importance of continuous engagement every year. Although we would like to see companies disclose on the first attempt following initial engagement through the campaign, engagement still has a strong positive impact by raising awareness and encouraging companies to prepare for disclosure in the future.

Meanwhile, some companies expressed a preference for other disclosure frameworks such as the TCFD and SEC, or focused on their own internal ESG Reports. However, one of the benefits of disclosing through CDP is that CDP translates global frameworks, such as the TCFD, into disclosure questions and a standardized format. This provides investors and companies with a platform where frameworks and standards can be brought into real-world practice. To this end, the NDC continues to be an excellent educational tool for companies to determine where their reporting resources should be allocated.



The participation in the CDP Non-Disclosure Campaign is an opportunity for us to raise our voice collectively with like-minded investors, emphasizing that disclosure is an essential first step to drive environmental action and is a practice we wish to see from all our investee companies. We are happy to see the positive results obtained by the engagement efforts of this year's campaign, including some companies disclosing for the first time, along with companies expanding their environmental disclosures to other relevant topics beyond climate.

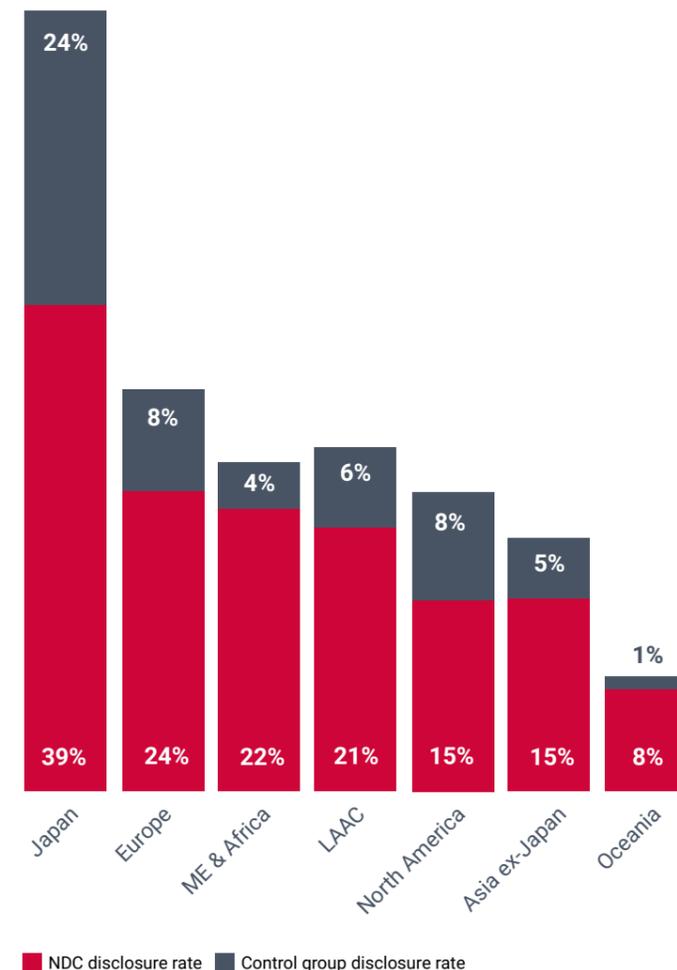
Niall O'Leary,
Chief Sustainability Officer,
Irish Life Investment Managers



Regional results

CDP has seen continued growth in environmental disclosure globally. However, disclosure rates vary among regions, reflecting different levels of adoption and mainstreaming of environmental disclosure across markets. In this year's campaign, Japan had the highest disclosure rate at 39%, followed by Europe with 24%. Engagement from FIs had the biggest impact on companies in both Europe and Asia (excluding Japan) where companies were three times more likely to disclose. Every region saw higher disclosure rates from companies targeted by the NDC than in the control group.

Figure 9 Disclosure rates (%) per region compared to control group



459
European
companies
engaged



Europe

Europe was home to most of the companies that were targeted by the campaign, tied with North America, with 459 companies engaged through the NDC. 24% of the targeted companies, with a market capitalization exceeding US\$667 billion, responded for the first time to the climate change questionnaire, including **Hemnet Group, Infotel, Patrizia AG, and Mincon Group**. The impact on companies' disclosure on the forests and water questionnaires was also significant. European-based companies targeted to disclose on forests through the NDC were 6.6 times more likely to disclose than the control group. The submission rate of the European countries targeted to disclose on water was also high, at 22%. Of the top 20 countries with targeted companies, Spain, Germany, Sweden and Italy had the highest disclosure rates in the water questionnaire. Pattern Spa and Clas Ohlson are among the companies that disclosed for the first time on water.

NDC participants' engagement efforts have had a significant impact on European companies. With the introduction of the Corporate Sustainability Reporting Directive (CSRD) and new EU reporting standards, more companies operating in the region will be required to disclose their environmental information in the near-future. CDP will collaborate with the European Financial Reporting Advisory Group (EFRAG) to build capacity and assist companies worldwide in preparing for these regulatory requirements, ensuring that companies preparing to report will be able to do so through CDP⁴.

39%
disclosure rate
in Japan was the
highest among
all regions



Japan

Throughout the 2023 campaign, Japan had the highest disclosure rate among all the regions at 39%. The disclosure rate in the control group also recorded a very strong result of 24%, which makes the gap between the NDC and the control group smaller than in other regions but in this case for a positive reason.

Japan additionally had the highest disclosure rate of all the regions across all three themes, with 47% for climate change, 20% for forests, and 24% for water. In 2023, the Financial Services Agency of Japan designed new rules requiring all listed companies in Japan to disclose sustainability information using the TCFD framework⁵. These rules possibly contributed to FIs' engagement efforts in the region, where many companies disclosed through CDP for the first time.

Representing a market capitalization of US\$445 billion, companies that disclosed for the first time in Japan include **Nissin Food Holdings** and **Asics Corporation** for the forests questionnaire; **Shimano Inc. and Japan Airport Terminal** for climate change; **Subaru Corporation and Yamaha Motor Co.** for water.

459
North American
companies
engaged



North America

There was a strong signal from CDP signatories in support of continued and increasing corporate transparency on environmental issues in North America, particularly in the US.

North America had 459 companies engaged, which was the highest number in the 2023 campaign tied with Europe. New disclosing companies accounted for US\$1.2 trillion in market capitalization, including **AO Smith** and **O'Reilly Automotive** on climate change, **Canfor Corporation** for forests, and **Aritzia Inc.** for water. Companies in North America were almost twice as likely to disclose through the climate change questionnaire than the control group. The impact on the forests (x2.9) and water (x2.4) questionnaires was strong in the region compared to the control group.

The US had the highest number of companies targeted to disclose through the NDC, with 351 companies. Of these, 57 companies disclosed, making it the country with the highest disclosure rate in the 2023 NDC. While challenges remain as the disclosure rate in this region is lower than last year, the results of the campaign suggest positive indications from FIs and companies that environmental disclosure and engagement will continue to grow in importance.

14%
reduction in
reponses in Asia



Asia (excluding Japan)

In Asia, 316 companies were targeted by the campaign. Asia is another region that saw a drop in response rate, from 29% in 2022 to 15% this year. However, 48 Asia-based companies targeted in the NDC still disclosed their environmental information, making it the third highest region in terms of the total number of companies disclosing. Among these is **PT Bank Mandiri (Persero) Tbk** which disclosed on climate change for the first time. Companies in Asia were three times more likely to disclose than the control group.

China was the most targeted country in Asia, where 111 companies were engaged in the NDC. However, only 16% of targeted companies have disclosed. Despite the low response rate, it is promising to see that FIs continue to be interested in engaging with companies in China. As the region's highest emitter, environmental disclosure and action from Chinese companies is crucial.

Although Asia had the highest number of companies targeted to disclose on forests, submission rates remain low at only 3%. Chinese mainland, Taiwan and India are the three most targeted markets in Asia for forests disclosures. However, among 81 companies from this

4 EFRAG and CDP announce cooperation to drive market uptake of European Sustainability Reporting Standards: <https://www.cdp.net/en/articles/companies/efrag-and-cdp-announce-cooperation-to-drive-market-uptake-of-european-sustainability-reporting-standards>

5 What's next for Japanese sustainability disclosure standards: https://www.ey.com/en_jp/sustainability/whats-next-for-japanese-sustainability-disclosure-standards

Results (continued)

region targeted in total, only four companies disclosed. For the third consecutive year, disclosure rates were low in Indonesia where none of the seven companies targeted to disclose on forests responded. This is concerning in a region that is highly exposed to deforestation risk associated with palm oil.

Middle East and Africa

The NDC has not previously focused on the Middle East and Africa, but it is positive to see that the number of companies engaged in this region increased from 36 in 2022 to 49 this year. There was a 7% increase in submissions compared to last year. Although the sample size of companies targeted in the NDC and the control group remains small, the disclosure rate in the NDC (22%) is still a lot higher than the control group (4%). Companies that disclosed for the first time include **Emirates NBD Bank**. In line with last year's campaign, South Africa remains the most targeted country in Africa and had the highest disclosure rate of 26%.

Among the countries in the Middle East, Turkey had the highest disclosure rate of 38%. The 2023 campaign was the first year that companies headquartered in Saudi Arabia were targeted in the NDC. Although none of the targeted companies in Saudi Arabia disclosed, it is promising to see more interest from FIs in engaging with companies in the region.

Latin America and the Caribbean

In the Latin America and Caribbean region, 95 companies were engaged. Although this is the third least-engaged region, the submission rate was still strong at 21%, with companies targeted being three times more likely to disclose than the control group. In line with last year's results, Brazil remains the country with the most targeted companies and the region's highest submission rate of 30%. It is encouraging to see that this marks the second consecutive year of strong results for companies in the region that were targeted to disclose on forests, with three out of nine companies responding. In addition, this year's campaign targeted companies from a wider range of jurisdictions and countries in the region, such as Puerto Rico and Argentina. Among the countries targeted for the first time this year, only Chile saw a response from companies headquartered there, with three of 13 companies targeted disclosing. We appreciate and will continue to facilitate our signatories' growing engagement efforts in the Latin America region.

49 Middle East and Africa companies engaged



95 Latin America and Caribbean companies engaged



3% of the companies targeted in the NDC were in Oceania

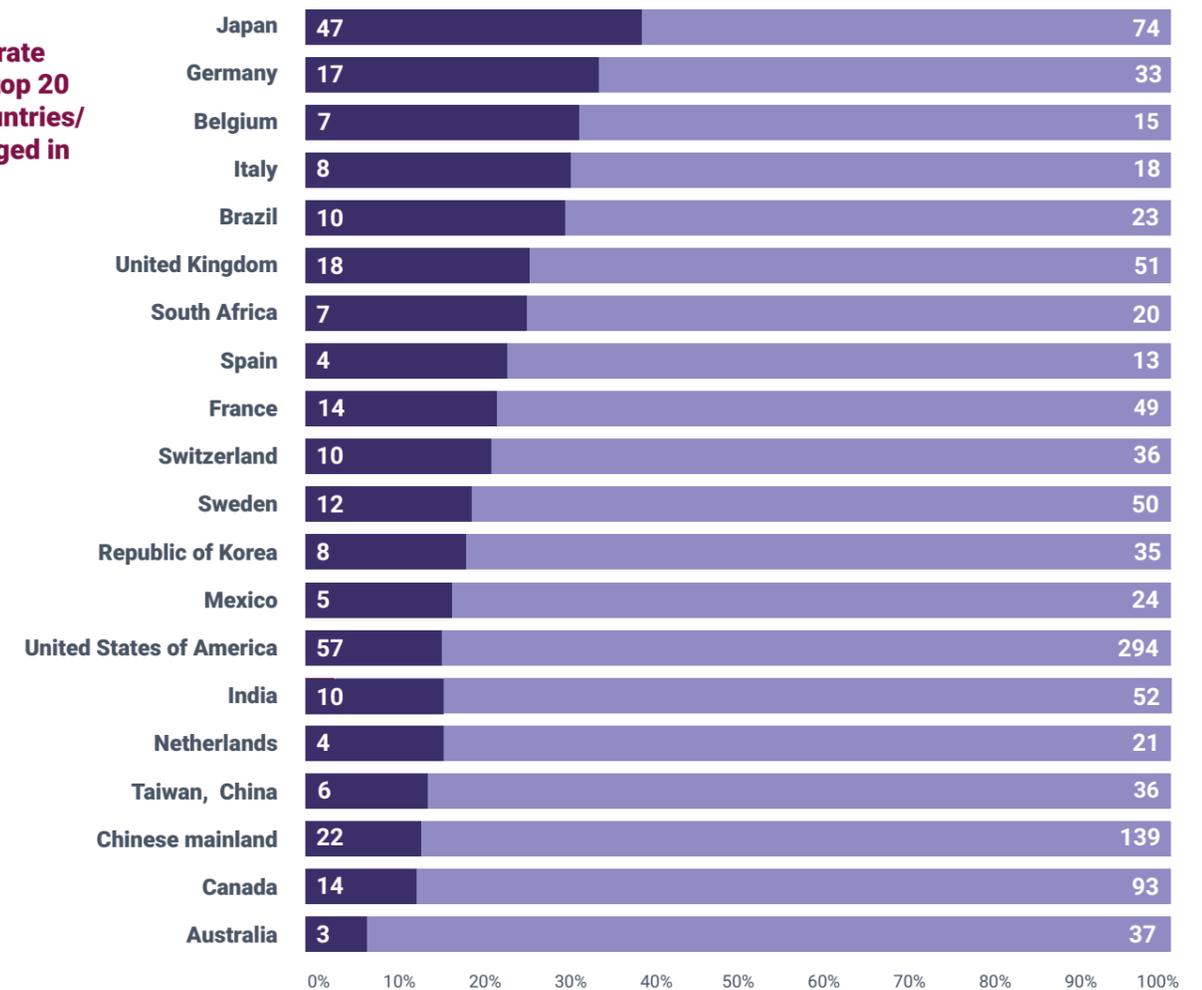


Oceania

Oceania is another under-engaged region, representing only 3% of total companies targeted in the NDC. It is also the region with the fewest submissions, with only four responses out of the 49 companies targeted. This is concerning as the submission number in the control group is also very small. More engagement from FIs would surely lead to improvements in the region if done urgently. Currently, mandatory disclosure has already been introduced in New Zealand⁶, and a similar mandatory disclosure regime has been proposed in Australia⁷. We recommend that FIs seize the direct engagement opportunity provided by the NDC to foster greater dialogue with non-disclosing companies.

Figure 10
Disclosure rate ranking of top 20 distinct countries/ areas engaged in the NDC

Submitted
Not submitted



⁶ New Zealand's climate-related disclosures: Building a roadmap to sustainable finance: <https://www.bloomberg.com/professional/blog/new-zealands-climate-related-disclosures-building-a-roadmap-to-sustainable-finance/>

⁷ Climate-related financial disclosure Consultation paper: <https://treasury.gov.au/sites/default/files/2023-06/c2023-402245.pdf>



Cathay has participated in the CDP Non-Disclosure Campaign since 2017. The CDP questionnaire is meticulously designed and aligned with international frameworks, ensuring high-quality environmental data disclosure from corporates. Enhancing disclosure helps stakeholders to understand how corporates are strengthening their management of environmental risk and opportunity. We highly appreciate the campaign bringing together the power of investors and buyers to influence corporates to disclose, and providing a comprehensive support system.

Sophia Cheng,
Chief Investment Officer,
Cathay Financial Holdings



Industry results

Direct FI engagement had the highest impact on the **food, beverages and agriculture** sector, with a significant difference in disclosure rates between the NDC sample (23%) and the control group (6%). Companies targeted through the NDC from these sectors were 3.6 times more likely to disclose. The sector's engagement was particularly high for forests, where disclosure rates of targeted companies were at 15%, 10.2 times higher than the control group. This result is a significant step towards transparency and accountability in a sector that is vital to efforts to reduce emissions globally. Agriculture and land-use account for approximately 22% of global greenhouse gas (GHG) emissions and three-quarters of deforestation⁸. Other sectors where forests disclosures were positively impacted include the material and hospitality sectors, whose disclosure rates were 21% and 20% in the NDC sample, respectively, and considerably higher than the control group's 4% and 3%.

Encouragingly, the power generation industry is the sector where engagement was found to have the most significant impact on climate change disclosures, with companies targeted being 7.1 times more likely to disclose than the control group. **Greenvolt-Energias Renovaveis, Power Assets Holdings Limited, RENOVA, Inc., and Erex Co., Ltd** all responded for the first time after this year's engagement. It is encouraging to see high responses from this sector on climate, as rapid decarbonization of the power sector is essential for capping global temperature rises at 1.5°C⁹. FIs also had a strong impact on climate change disclosures in the services (2.5x) and infrastructure (2.1x) sectors.

For water submissions, FIs had the biggest impact on the biotech, health care and pharma sector, with companies being 7.6 times more likely to disclose than the control group. Companies targeted within this sector are primarily from the pharmaceutical industry, which has a 'critical' impact on water resources according to CDP's Water Impact Index¹⁰. Companies such as **Alk-Abello A/S** submitted for the first time on both the water and climate change questionnaires. Retail is another sector where water disclosures were significantly impacted by the campaign, with companies being 6.1 times more likely to disclose. **Loblaw Companies Limited** and **Aritzia Inc.** disclosed for the first time after multiple years of engagement.

⁸ <https://sciencebasedtargets.org/sectors/forest-land-and-agriculture>

⁹ What is 'decarbonisation' of the power sector? Why do we need to decarbonise the power sector in the UK? <https://www.lse.ac.uk/granthaminstitute/explainers/what-is-decarbonisation-of-the-power-sector-why-do-we-need-to-decarbonise-the-power-sector-in-the-uk/>

¹⁰ <https://www.cdp.net/en/investor/water-watch-cdp-water-impact-index>



2023 marked AQR's fourth year of participation in the CDP Non-Disclosure Campaign. Our firmwide engagement program is focused on improving transparency in corporate reporting, which we believe supports investors by enabling more accurate pricing of ESG risks and opportunities by increasing the availability and quality of data needed for the management of sustainable portfolios. We engage both directly and collectively with companies to encourage better environmental data disclosure, and partnering with CDP allows us to utilize both approaches simultaneously.

AQR Capital Management

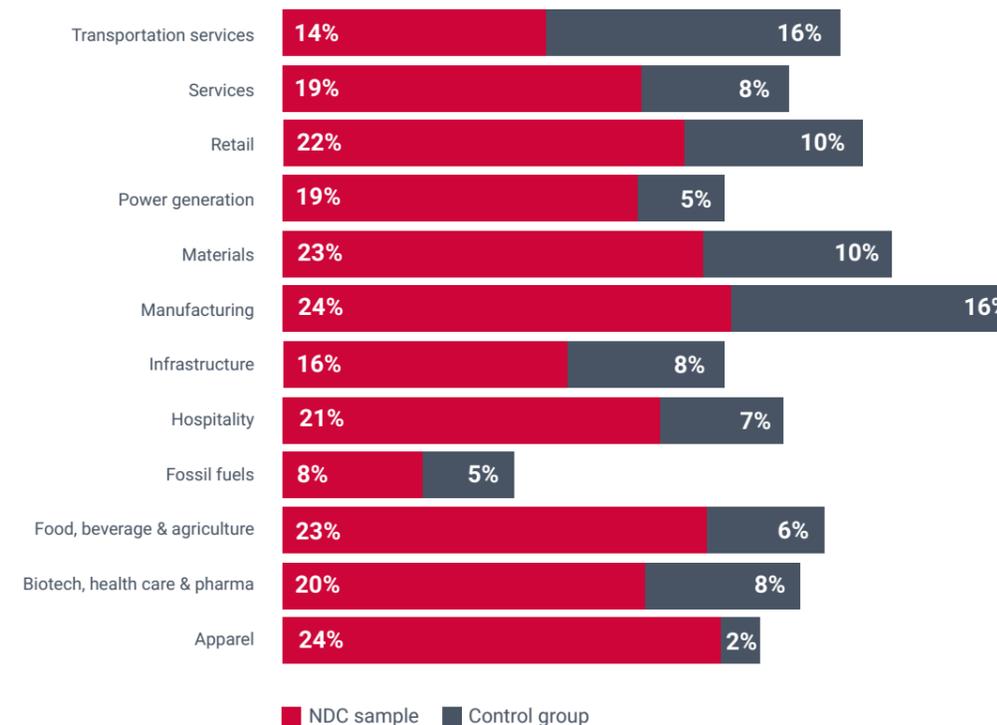


Figure 11
Disclosure rate (%) of NDC sample and control group by industry

Finally, the sector with the lowest disclosure rate across all three themes was fossil fuels at 8%, where eight out of the 104 companies targeted disclosed. As a primary contributor to global warming, accounting for 75% of all GHG emissions worldwide¹¹, the low disclosure rate from this sector is deeply concerning. Fossil fuels companies that did not respond to the NDC this year include **Bonavista Energy** and **Obsidian Energy**. However, it is worth noting that NDC engagement still positively impacted disclosures, despite the low disclosure rate, as companies in the sector were 1.6 times more likely to disclose than the control group. With the COP28 agreement calling for the transition away from fossil fuels¹², we urge FIs to ramp up their engagement with fossil fuels companies and put more pressure on them to disclose their environmental impacts.

¹¹ <https://www.un.org/en/climatechange/science/causes-effects-climate-change>

¹² COP28 Agreement Signals "Beginning of the End" of the Fossil Fuel Era: <https://unfccc.int/news/cop28-agreement-signals-beginning-of-the-end-of-the-fossil-fuel-era>

Conclusion

2023 has been another successful year for the campaign, where we have continued to see active participation and engagement from FIs, and more environmentally high-impact companies starting their disclosure journey through CDP.

The scale of the disclosure request that is delivered annually by CDP is numbered in the tens of thousands and continues to scale up every year. We are committed to supporting each company to the point where they can see a path towards a net-zero, nature-positive future and campaigns like this are an important part of that strategy.

To that end we want to express our gratitude to the 288 FIs that participated in the 2023 NDC. Each participant in the campaign is putting action behind words and the campaign continues to demonstrate that direct engagement from FIs provides a critical boost to encouraging corporate environmental disclosure, ultimately providing capital markets with the data that is required to manage emerging risks and assess their environmental impacts. We encourage all FIs to continue building on the progress they achieved in 2023 throughout the 2024 campaign period. Sign-up for the 2024 campaign begins in February 2024.



Appendix

A list of companies engaged in the 2023 Non-Disclosure Campaign that disclosed to participants can be found here:
<https://www.cdp.net/en/investor/engage-with-companies/non-disclosure-campaign#5a6f486eadcf27e24da3b9c535749966>

Nb Only disclosure statuses relating to the questionnaires that were engaged by FIs in this campaign are listed in this table. Companies may be requested or disclose on other questionnaires not listed here.

For the full list of companies engaged in the campaign including all those that did not submit one of the requested questionnaires, please visit:
<https://www.cdp.net/en/investor/engage-with-companies/non-disclosure-campaign>

All companies' complete disclosure statuses can be found on CDP's website:
<https://www.cdp.net/en/search>

A list of the financial organizations that participated in the 2023 NDC can be found here:
<https://www.cdp.net/en/investor/engage-with-companies/non-disclosure-campaign>

Samples of engagement letters:
[Climate Change](#)
[Forests](#)
[Water](#)

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