CDP Canada Report 2017

Written on behalf of 803 investors with over US$100 trillion in assets

Contents

CEO foreword

> The transition to a low-carbon economy will create winners and losers within and across sectors. As new businesses and technologies emerge and scale up, billions of dollars of value are waiting to be unlocked, even as many more are at risk.

A changing climate is becoming more evident. This year has brought intense Atlantic hurricanes, severe wild fires in California, an exceptional monsoon across South Asia, a stifling heatwave across Europe, and record-low wintertime sea ice in the Arctic. These changes threaten ecosystems, communities and our economic well-being, with significant assets at risk from climate change.

This evidence is not going unnoticed. Public concern is growing; and policy makers and regulators are responding. The Chinese government, for example, is set to launch a national carbon emissions trading scheme by the end of this year. Companies around the world, from all sectors, have begun transitioning their business models away from a dependence on fossil fuels and towards the low-carbon economy of the future.

In this year's CDP analysis, which is based on the climate data disclosed to us by over 1,000 of the world's largest, highest-emitting companies, we reveal that a growing number are setting longer-term emissions reduction targets, planning for low-carbon into their business models out to 2030 and beyond. The number of companies in our sample that have committed to set emissions reduction targets in line with or well below a 2 degrees Celsius pathway, via the Science Based Targets initiative, has increased from 94 to 151 in the space of a year. Continuing this momentum, an additional 317 companies plan to commit to a science-based target within two years. EDP and Unilever are two of those companies sharing their story of how and why they decided to set a science-based target in our analysis. Aligned to these targets, the significant increase in companies from our sample that are setting targets to consume renewable energy including through the RE100 initiative, or produce their own, shows how companies are embracing the cheaper, more secure supply of clean energy to meet their low-carbon goals.

Regulators have begun to respond to the risks, notably with the Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board, the Task Force has moved the climate disclosure agenda forward by emphasizing the link between climate risk and financial stability. The Task Force has recommended that both companies and investors disclose climate change information, including conducting scenario analysis in line with a 2 degrees Celsius pathway and setting out the impacts on their strategy of those scenarios. This amplifies the longstanding call from CDP's investor signatories for companies to disclose comprehensive, comparable environmental data in their mainstream reports, driving climate risk management further into the boardroom.

This year, more than 6,300 companies, accounting for around 55% of the total value of global listed equity markets, have disclosed information on climate change, water and deforestation through our reporting platform. This request from CDP was made on behalf of more than 800 investors with assets of US$100 trillion.

To meet the growing needs of these investors, we are evolving our disclosure platform to introduce sector-based reporting and align our information request with the recommendations of the Task Force for 2018. This will help to further illuminate to company boards and their shareholders the risks and opportunities presented by the low-carbon transition, so they can act swiftly to shift their business models accordingly.

The environmental disclosures that leading companies are making through CDP are providing data across capital markets to inform better decisions and drive action. Companies are reporting how science-based carbon emission reduction targets can drive business and sustainability improvements. They are showing how renewable energy purchases are helping companies to cut emissions and how setting an internal carbon price can drive efficiency and shift investment decisions. They are revealing how their products and services directly enable third parties to avoid greenhouse gas emissions. They are collaborating with cities, states, regions and other companies to drive positive impact in their own operations and through value chains.

This report tracks the progress of corporate action on climate change. Last year, in the wake of the Paris Agreement, we established a baseline for corporate climate action. This year, we measure progress to date. As we show, there are some encouraging trends emerging, with more companies setting further reaching carbon emissions reduction targets, and greater accountability for climate change issues within the boardroom. But, there is no doubt that more companies need to act quickly and the pace of change needs to accelerate if we are to meet the goals of the Paris Agreement and ensure long term financial and climate stability.

Disclosure of quality data is crucial to support this progress. It leads to smarter decisions and informs companies and governments of the actions they need to take. It's encouraging to see more companies setting longer-term targets; data will be key to seeing how they are performing against these over time.

Make no mistake: we are at a tipping point in the low-carbon transition. There are enormous opportunities to be had for the companies that are positioning themselves at the leading edge of this tipping point; and enormous risks for those that haven't yet taken action.

Paul Simpson
CEO, CDP

Investor perspective
Steve Waygood, Aviva Investors

> **As investors, the TCFD has given us a very powerful mandate, it has shifted the burden of proof to companies to explain why climate risk isn't an issue. The new norm is that companies should be considering climate risk at the board level. It's created a new concept of climate risk governance.**

For an insurance giant like Aviva, failing to successfully halt climate change is unthinkable. "Our sector has an existential issue with warming above 4 degrees," says Steve Waygood, Aviva Investors' chief responsible investment officer. "It simply won't be possible to price insurance products at a premium we can sustain, and which economies can afford.

"That's a profound macroeconomic problem, given the role of insurance in pricing and redistributing risk."

On the asset side of its balance sheet, meanwhile, Aviva faces challenges relating to the climate risks to which its investments are exposed. He cites a study carried out by Aviva with the Economist[1], which found that 6 degrees of warming would wipe US$43 trillion off the value of global capital markets. "The entire value of the MSCI World equity index is only US$38 trillion – that's obviously a clear and present danger."

For that reason, Aviva has been a prominent voice in the climate change debate: disclosing on climate risk since 2004, incorporating climate risk into strategy and governance, engaging with investee companies, and playing an important role on the Task Force for Climate-Related Financial Disclosures (TCFD), on which Waygood sits.

"As investors, the TCFD has given us a very powerful mandate," he says. "It has shifted the burden of proof to companies to explain why climate risk isn't an issue." And, for those that recognize climate exposures, the "new norm is that companies should be considering climate risk at the board level. It's created a new concept of climate risk governance."

The TCFD recommends that companies disclose how they are likely to perform against various climate scenarios – which Waygood says will provide additional insight, but which are unlikely to tell the whole story. "A good scenario, that has been properly considered by the board, that looks at the downside risk is evidence of good quality management."

But he notes there is, as yet, no standardized way for each sector to produce scenarios, nor sector reference scenarios against which a company's scenario reporting might be compared – although he suggests there may be a role for the TFCD to produce these benchmarks.

Waygood also acknowledges that climate disclosure poses challenges for financial services groups such as his, noting that it is still not yet clear what the most appropriate metrics are for investors to disclose against. "We haven't got it cracked – I'm not happy with the state of the art," he says, noting that simply disclosing the carbon footprinting of a portfolio "doesn't cut it", as emissions can rise and fall for reasons not linked to climate risk management.

"We need a reference scenario for fund management," he suggests, that sketches out what a transition pathway to 2 degrees looks like, allowing investors to disclose how close their portfolio is to matching it.

Aviva will continue to encourage the companies in which it invests to use the TCFD guidance, but Waygood adds that more system-wide pressure needs to be brought to bear.

"It's as important that we use our influence in the political process to encourage those in Brussels, Westminster or Washington to use the TCFD in important international processes such as the International Accounting Standards Board, and the International Organization of Securities Commissions (IOSCO)," he says.

"We need to encourage the system to use this guidance and make it more than voluntary," he says, adding that he would also like to see the proxy voting firms and credit rating agencies explicitly referencing TCFD data, as well as the regulations that govern the financial sector – Basel III for banks and Solvency II for insurers – take climate risk into account.

"We have a role as investors, in terms of influencing the companies we own, as well as in terms of advocating how the financial system evolves," he concludes.

1 https://www.eiuperspectives.economist.com/sites/default/files/The%20cost%20of%20inaction_0.pdf

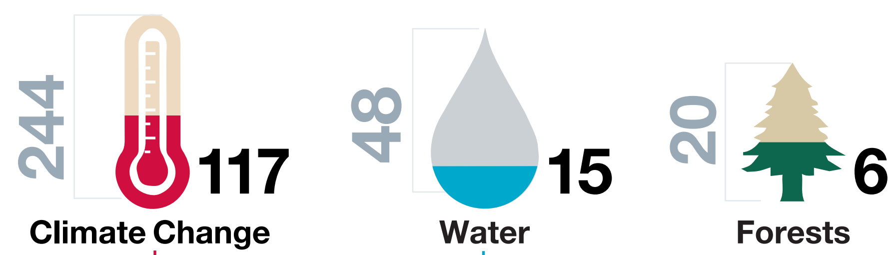
TD is proud to be recognized as a global leader for corporate action on climate change by CDP," says Karen Clarke-Whistler, Chief Environment Officer, TD Bank Group. "TD was among the first big banks to identify climate change as a critical issue that would not only impact society, but also transform business. Embedding an environmental perspective throughout the bank, and reporting on our performance, has enabled us to more effectively manage the risks and opportunities that climate action presents. From offering TD Green Bonds to financing low-carbon projects, to sourcing 100% renewable electricity, TD is committed to supporting the transition to a low-carbon economy.

The transition to a low-carbon future will take time, but as a financial institution we are in a unique position to help accelerate and drive it forward. In the last decade, TD has contributed $12 billion and we will continue to move the dial through our investing activities and financing of low-carbon projects."

Corporate Overview

Disclosure Summary

The disclosure summary includes companies requested through CDP's investor programs. The following analyses do not include companies that voluntarily disclosed through CDP in 2017.

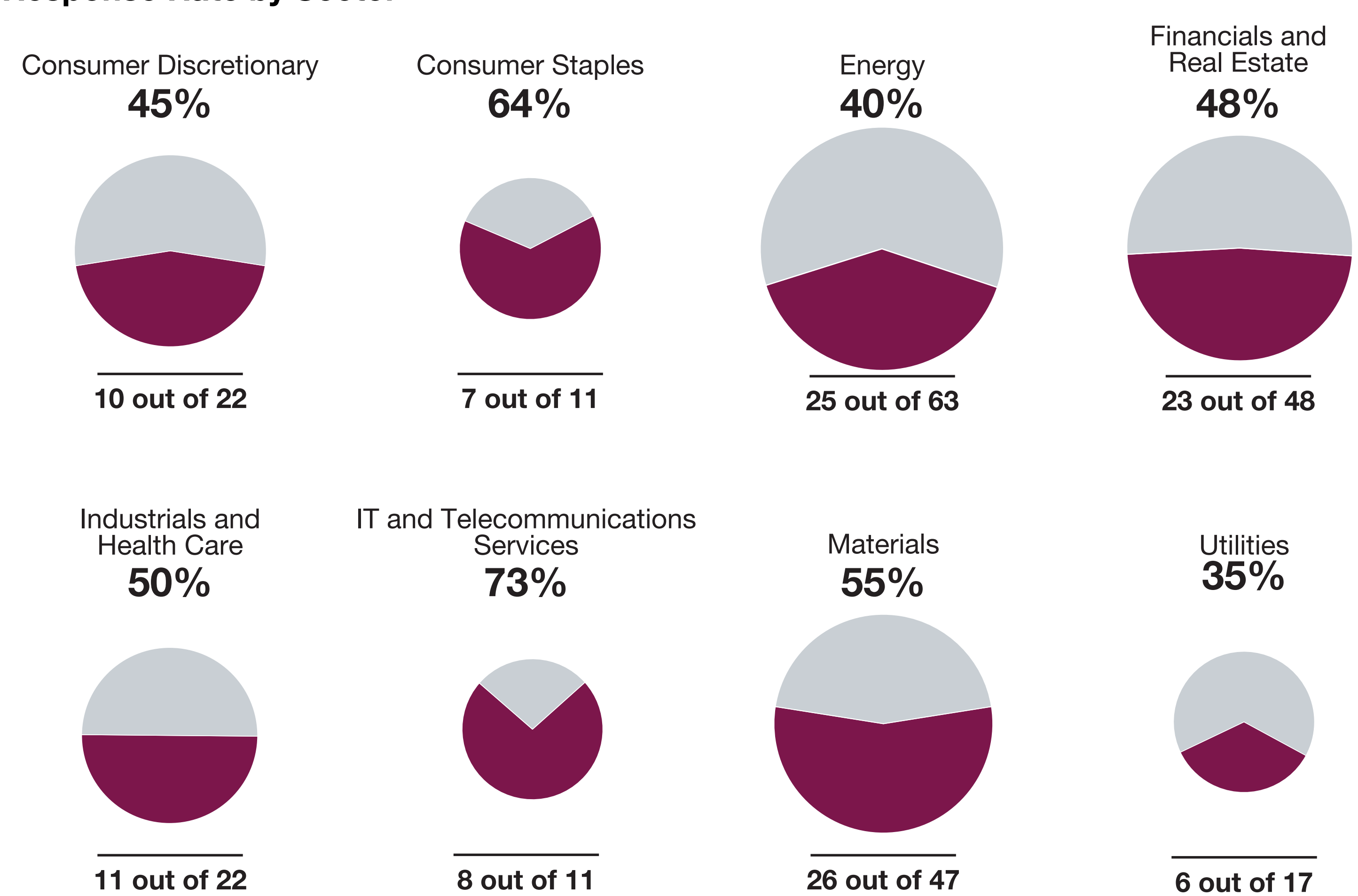


Canada A List 2017

Climate Change: Canadian National Railway Company

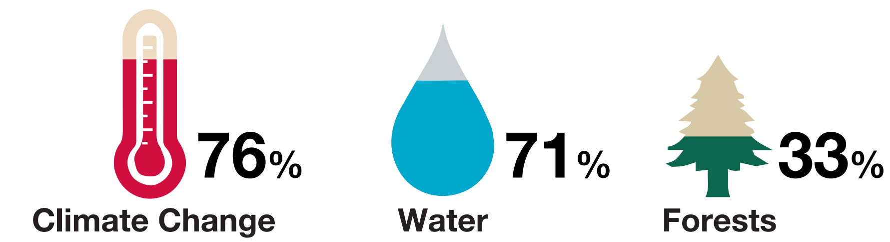
Water: General Motors Company

Response Rate by Sector



Board Governance

Climate Change related financial and operation risks are increasingly recognized as core to overall business staying power and therefore under the purview of Boards.



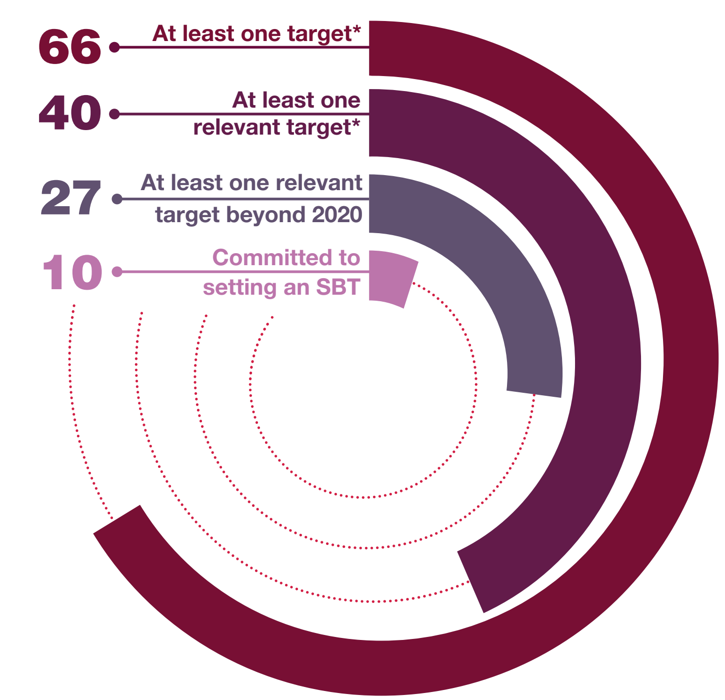
% responding companies with Board-level oversight

Public Commitments

Canadian businesses have an important role to play in the coming years as Canada works to achieve the goals set forth in the Paris Agreement. They are increasingly looking to demonstrate along with hundreds of businesses globally, their commitment to building a low-carbon economy through bold initiatives on the Take Action Platform, which brings together leadership initiatives led by the We Mean Business coalition partners. For more info visit www.cdp.net/commit or www.wemeanbusinesscoalition.org.

- **9** companies are committed to adopting a **science-based** emissions reduction **target**
- **4** companies are committed to putting a **price on carbon**
- **1** company is committed to **100% renewable** power
- **1** company is committed to growing the market for the world's most sustainable fuels

Emissions Targets



* This number includes both absolute and intensity targets

** Relevance is defined as target covering more than 80% of the referenced Scope(s).

2017 Key trends

The statistics presented in this key trends table may differ from those in other CDP reports for two reasons: (1) the data in this table is based on all responses received by 1 September 2017; (2) it is based on binary data (e.g. Yes/No or other drop down menu selection) reported to CDP and does not incorporate any validation of the follow up information provided or reflect the scoring methodology. The latter, in particular, is likely to lead to an over-reporting of data in this key trends table.

1 This statistic includes those companies that respond by referencing a parent or holding company's response. However the remaining statistics presented do not include these responses.

2 Companies may report multiple targets. However, in these statistics a company will only be counted once.

3 This takes into account companies reporting that verification is complete or underway, but does not include any evaluation of the verification statement provided.

4 Only companies reporting Scope 3 emissions using the Greenhouse Gas Protocol Scope 3 Standard named categories have been included below. Whilst in some cases "Other upstream" or "Other downstream" are legitimate selections, in most circumstances the data contained in these categories should be allocated to one of the named categories. In addition, only those categories for which emissions figures have been provided have been included.

5 Includes responses across all samples as well as responses submitted by companies not included in specific geographic or industry samples in 2017.

6 This refers to the total market capitalization of that sample group of companies, as of Q2 2017. Market cap data sourced from Bloomberg.

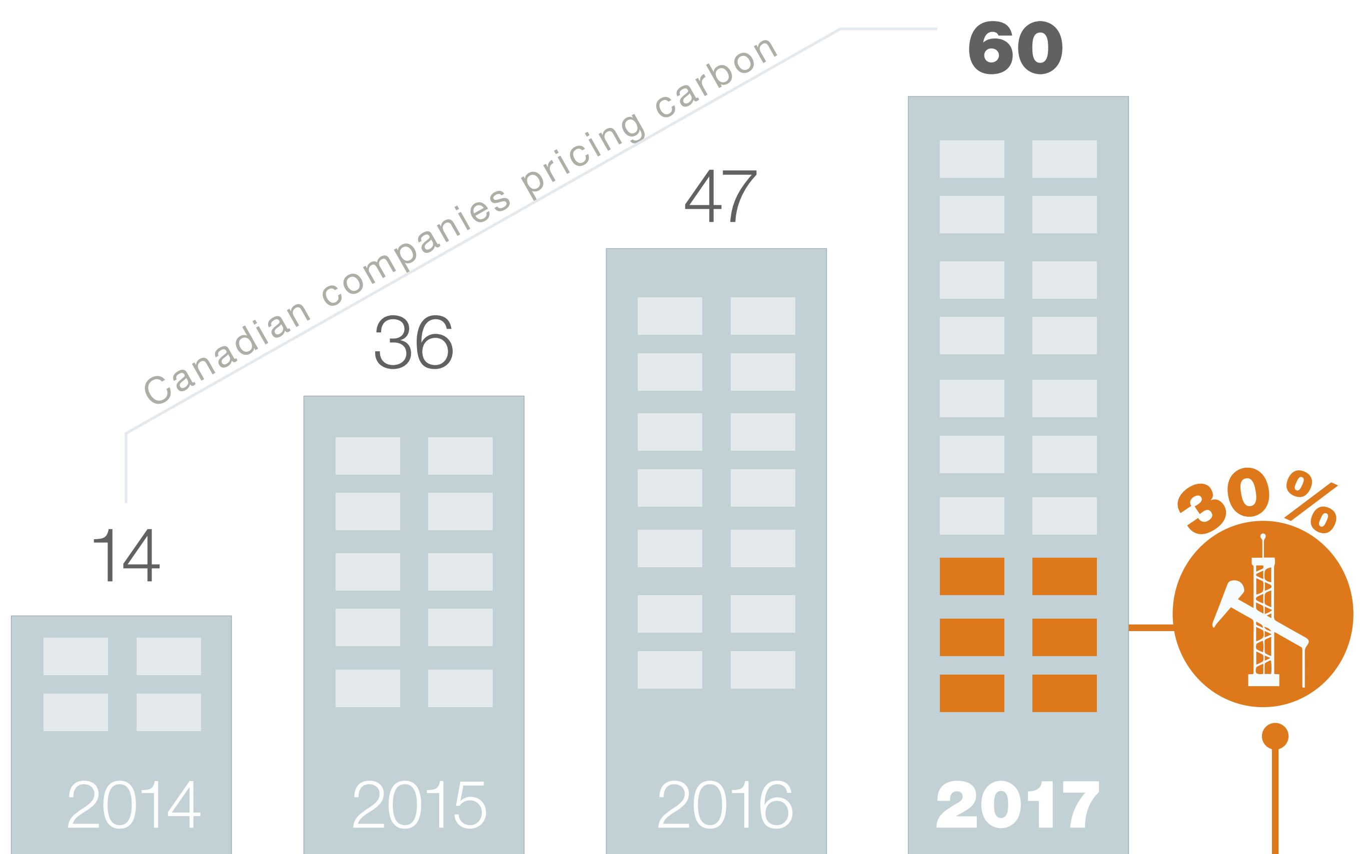
Statistic	Hong Kong & SE Asia	Australia ASX 200	Benelux	Brazil	Canada	Central Eastern Europe	China	DACH (DE, AU, CH)	Emerging Markets
Number of companies in the sample	170	199	150	120	200	100	100	350	800
Number of companies answering CDP 2017[1]	69	75	62	52	99	17	12	151	282
% sample answering CDP 2017[1]	41	38	41	43	50	17	12	43	35
% of sample market capitalization answering CDP 2017[6]	57	82	86	71	73	26	28	85	44
% of responders reporting Board or other senior management responsibility for climate change	98	100	98	98	93	50	92	96	98
% of responders with incentives for the management of climate change issues	78	77	80	74	77	38	58	76	85
% of responders reporting climate change as being integrated into their business strategy	98	89	93	92	91	88	100	87	98
% of responders reporting engagement with policymakers on climate issues to encourage mitigation or adaptation	95	91	82	96	90	63	83	85	96
% of responders with emissions reduction targets[2]	80	65	82	76	63	50	50	79	84
% of responders reporting absolute emissions reduction targets[2]	56	39	50	50	35	38	25	47	48
% of responders reporting intensity emissions reduction targets[2]	45	36	50	44	38	38	25	52	57
% of responders reporting active emissions reduction initiatives in the reporting year	97	93	91	88	88	63	83	92	96
% of responders indicating that their products and services directly enable third parties to avoid GHG emissions	64	65	79	72	59	50	75	65	75
% of responders whose absolute emissions (Scope 1 and 2) have decreased compared to last year due to emmissions reduction activities	47	61	66	44	57	38	17	66	62
% of responders seeing regulatory risks	86	88	82	90	85	88	75	77	94
% of responders seeing regulatory opportunities	84	85	79	90	77	63	83	81	91
% of responders seeing physical risks	88	87	79	90	79	75	50	74	92
% of responders seeing physical opportunities	70	77	61	78	58	63	33	67	81
% of responders independently verifying any portion of Scope 1 emissions data[3]	58	59	57	66	46	38	17	57	73
% of responders independently verifying any portion of Scope 2 emissions data[3]	58	60	50	68	35	25	17	51	72
% of responders independently verifying least 70% of Scope 1 emissions data[3]	48	51	48	64	36	25	17	54	67
% of responders independently verifying least 70% of Scope 2 emissions data[3]	50	51	46	60	30	25	17	49	62
% of responders reporting Scope 2 location-based emissions data	88	99	84	90	93	100	50	85	93
% of responders reporting Scope 2 market-based emissions data	20	36	64	44	34	50	17	64	35
% of responders reporting emissions data for 2 or more named Scope 3 categories[4]	42	68	64	86	51	38	33	68	73
% of responders using CDSB framework to report climate change data in mainstream financial report	9	19	18	18	9	0	17	13	19

Statistic	Euro 300	France	Iberia (ES, PT)	India	Ireland	Italy	Japan	Korea	Latin America	New Zealand NZX 50	Nordic	Portugal	Russia	South Africa	Spain	Turkey	United Kingdom	US S&P 500	Overall Figure[5]
Number of companies in the sample	300	250	125	200	30	100	500	200	80	50	260	40	40	100	85	100	304	500	N/A
Number of companies answering CDP 2017[1]	258	100	58	46	11	44	281	52	27	14	151	8	12	74	50	41	202	338	2235
% sample answering CDP 2017[1]	86	40	46	23	37	44	56	26	34	28	58	20	30	74	59	41	66	68	N/A
% of sample market capitalization answering CDP 2017[6]	91	82	93	39	75	70	77	63	48	82	79	73	38	83	94	54	90	78	51
% of responders reporting Board or other senior management responsibility for climate change	100	97	100	100	100	98	97	96	100	93	97	100	92	99	100	95	99	94	97
% of responders with incentives for the management of climate change issues	92	84	91	83	73	86	88	96	76	71	70	86	75	87	92	82	85	85	81
% of responders reporting climate change as being integrated into their business strategy	97	98	95	98	100	98	96	96	92	93	91	100	83	99	94	89	93	93	93
% of responders reporting engagement with policymakers on climate issues to encourage mitigation or adaptation	94	88	95	95	100	93	94	94	92	86	82	100	75	96	94	84	87	88	89
% of responders with emissions reduction targets[2]	96	88	93	85	73	86	96	94	64	79	80	100	58	82	92	76	81	82	81
% of responders reporting absolute emissions reduction targets[2]	58	44	73	22	36	74	62	69	32	64	38	71	25	44	73	34	41	51	48
% of responders reporting intensity emissions reduction targets[2]	71	67	59	76	36	60	72	52	40	29	63	71	42	50	57	63	59	45	55
% of responders reporting active emissions reduction initiatives in the reporting year	98	98	96	100	100	100	97	94	100	86	89	100	83	96	96	82	95	96	93
% of responders indicating that their products and services directly enable third parties to avoid GHG emissions	79	81	77	68	64	81	80	75	64	36	71	71	67	57	78	61	57	61	67
% of responders whose absolute emissions (Scope 1 and 2) have decreased compared to last year due to emmissions reduction activities	82	72	82	49	73	86	78	77	52	71	64	86	33	78	82	66	72	74	87
% of responders seeing regulatory risks	93	87	96	95	91	95	95	96	92	93	89	100	67	99	96	89	95	85	89
% of responders seeing regulatory opportunities	96	89	93	95	91	95	93	96	80	86	87	100	42	94	92	82	92	84	87
% of responders seeing physical risks	93	88	88	93	100	86	91	88	96	93	83	100	75	97	86	87	90	84	85
% of responders seeing physical opportunities	85	71	82	85	91	76	87	87	60	79	77	86	42	90	82	74	79	68	74
% of responders independently verifying any portion of Scope 1 emissions data[3]	89	92	80	71	82	81	57	83	64	43	60	100	8	85	78	61	71	61	64
% of responders independently verifying any portion of Scope 2 emissions data[3]	87	91	77	71	82	76	57	83	64	36	55	100	8	84	73	58	70	58	61
% of responders independently verifying least 70% of Scope 1 emissions data[3]	86	82	80	68	73	76	48	75	56	36	57	100	8	79	78	61	67	57	57
% of responders independently verifying least 70% of Scope 2 emissions data[3]	84	76	71	61	82	76	44	63	40	21	51	100	8	75	67	58	65	55	53
% of responders reporting Scope 2 location-based emissions data	94	97	84	95	91	95	70	92	92	79	88	100	67	100	82	82	98	96	89
% of responders reporting Scope 2 market-based emissions data	72	44	61	27	64	64	64	31	44	29	66	100	8	62	55	42	55	61	51
% of responders reporting emissions data for 2 or more named Scope 3 categories[4]	88	83	82	71	73	71	82	81	80	64	69	100	8	91	80	68	70	68	69
% of responders using CDSB framework to report climate change data in mainstream financial report	25	21	23	24	0	5	10	35	24	14	17	29	0	32	22	5	27	6	15

Putting a price on carbon
Integrating climate risk into business planning

Over the past few years, CDP has been tracking a steady increase in the number of companies embedding an internal carbon price into their business strategies. As carbon pricing has emerged as a key policy mechanism to drive greenhouse gas emissions reductions and mitigate the dangerous impacts of climate change, CDP has witnessed a commensurate rise in the number of global companies reporting the use of internal carbon pricing to navigate the shifting regulatory landscape[1]. Assigning a monetary value to the cost of carbon emissions – using an internal carbon price – helps companies monitor and adapt their strategies and financial planning to real-time and potential future shifts in the external market.

The number of Canadian companies pricing and planning to price carbon has steadily increased over the past four years alongside the development of provincial carbon pricing systems (see Image 1).



In 2017, thirty percent of these companies are from the energy sector.

Several of these companies have been measuring carbon risks as a part of every-day business for several years, as they fundamentally rely on the extraction and combustion of fossil fuels, and are thus exposed to carbon asset risks—investments and reserves that may never be economic to use or extract in the future.

The stability and coordination of provincial and federal Canadian climate policy has provided companies with clarity regarding the future increase of the price of carbon in the economy. As such, Canadian companies stand-out globally for utilizing differentiated internal carbon price levels that vary by region and across different time horizons. In fact, over half of the companies already pricing carbon in Canada reference current and future provincial carbon price levels in their corporate disclosure.

Image 2 shows the internal carbon price levels used by Canadian companies align with price levels implemented by Provincial and policies operating in Ontario, Québec, Alberta, and British Columbia and future price levels set by federal policies. The GHG cap and trade system in place in Ontario has a current price at around 18.72 CAD[2]. Québec has a GHG cap and trade system with a current price at around 18.85 CAD. British Columbia's carbon tax is 30.00 CAD, as is the compliance rate under Alberta's Specified Gas Emitters Regulation (SGER). A national carbon pricing system, part of the Pan-Canadian Framework, is also set to emerge in 2018 and will reach a price level of 50.00 CAD by 2022.

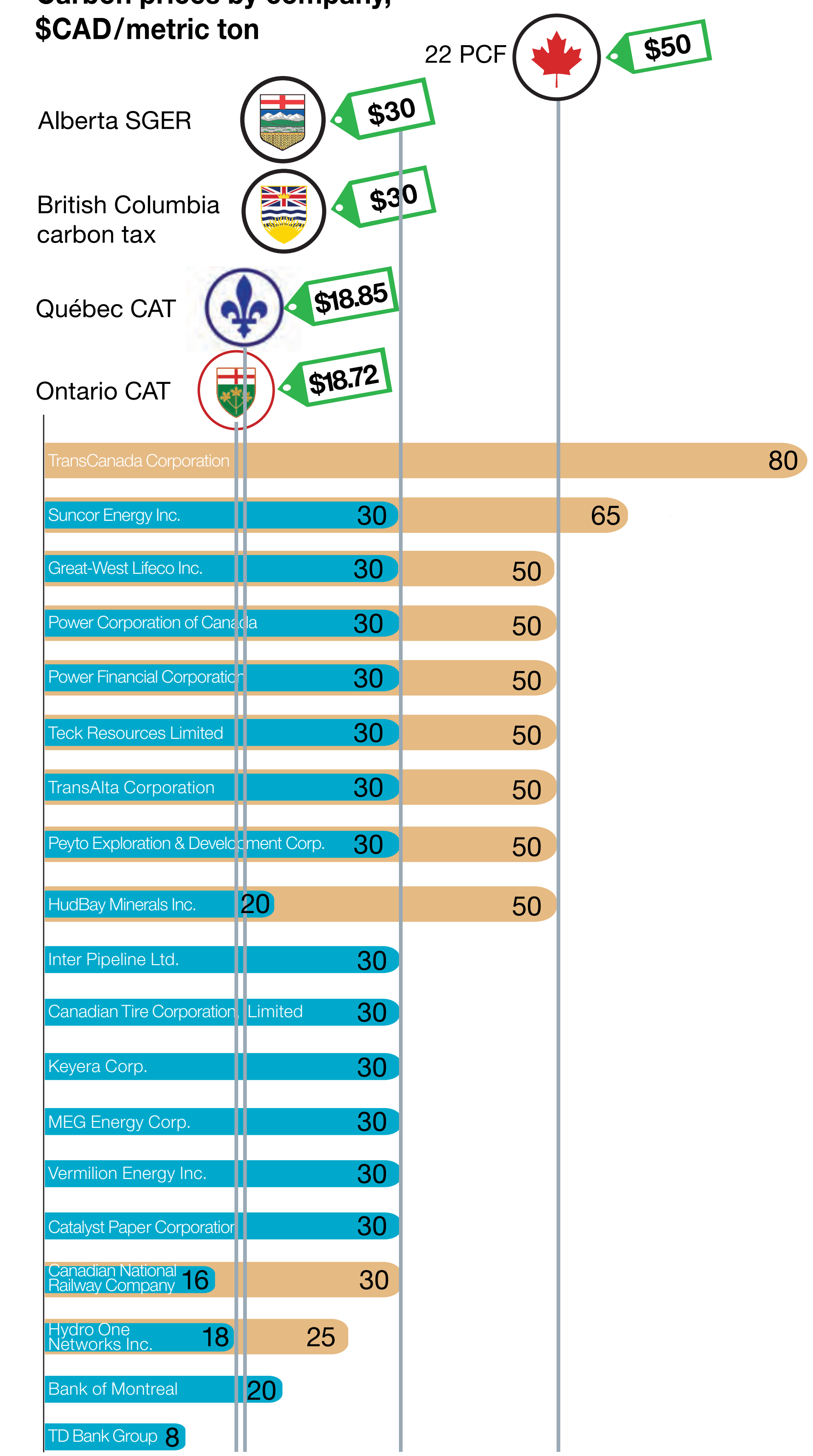
Pan-Canadian Framework

Under the Pan-Canadian Framework (PCF) on Clean Growth & Climate Change adopted in 2016, the Canadian federal government aims to coordinate with sub-national leaders on how various carbon pricing programs will develop across the country's various provinces.

The PCF proposes an inclusive and economical approach to reach its climate goal by 2030, one that enables territories and provinces to use market instruments to drive down greenhouse gas emissions in ways that are most appropriate for their individual economies, land-use sector profiles, and industrial emissions profiles.

Since the launch of the PCF in the beginning of 2017, all three of Ontario's initial allowance auctions have sold out. These outcomes send a signal of confidence to businesses in the eastern province's program, and they also equate to roughly C$1.5 billion for clean investments across Ontario.

Carbon prices by company, $CAD/metric ton



[1] Putting a price on carbon: integrating climate risk into business planning, CDP, 2017
[2] World Bank and Ecofys, Carbon Pricing Watch 2017, May 2017.

The value of forests
Unlocking opportunities by stopping deforestation

19
Canadian companies were requested to respond to CDP on forests in 2017

10
responded to CDP's forests questionnaire

4
of the responding companies are self-selected (40%)

Company response rates:

6 / 19 Companies — 32% — 2017

6 / 22 Companies — 27% — 2016

Responding companies by sector

Materials (4) | Consumer discretionary (3) | Consumer staples (2) | Industrials (1)

Canada is a significant global consumer and producer of forest-risk products, with timber products alone accounting for 7% of Canada's exports, and contributing $23 billion per year to Canada's economy[1]. Growing scrutiny surrounding the sourcing and production of timber, as well as agricultural commodities such as palm oil, soy and cattle products, has required companies to act and transparently communicate commodity sources.

With increasing stakeholder interest in the sustainable sourcing of forest-risk commodities, now is a critical time for companies to ensure deforestation is removed from their operations and supply chains. Canada recently joined 35 other countries in signing the **New York Declaration on Forests,** which commits governments in supporting the private sector to eliminate deforestation from the supply chains of commodities such as palm oil, beef, soy and paper.

This impending pressure for transparency has resulted in an urgent need for companies who produce and source forest risk commodities to protect their supply chains from financial, regulatory and reputational risk by ensuring its sustainable procurement. In 2016, up to $906 billion of annual revenue was at risk for publicly listed companies reporting through CDP. Given the sum at stake, future growth is in jeopardy if companies do not establish a clear, long term plan to source these commodities securely and sustainably.

Mitigating deforestation makes business sense, and is vital for the transition to a low-carbon economy. There has been a significant increase in political momentum since the signing of the Paris Agreement; and as stopping tropical deforestation can provide a staggering 30% of the required mitigation of greenhouse gas emissions[2], to keep global average temperature well below 2°C above pre-industrial levels, meaningful action is needed. Companies are seeing increasing encouragement from governments to protect their natural forest assets to achieve a sustainable economy. Moreover, there is an increasing emphasis on company alignment with the **Sustainable Development Goals** (SDGs). For companies handling forest-risk commodities, SDG 15: sustainably managing forests, is particularly relevant.

1.http://www.nrcan.gc.ca/forests/report/economy/16517
2.https://www.euractiv.com/section/climate-environment/news/figueres-calls-for-eu-action-plan-on-imported-deforestation/

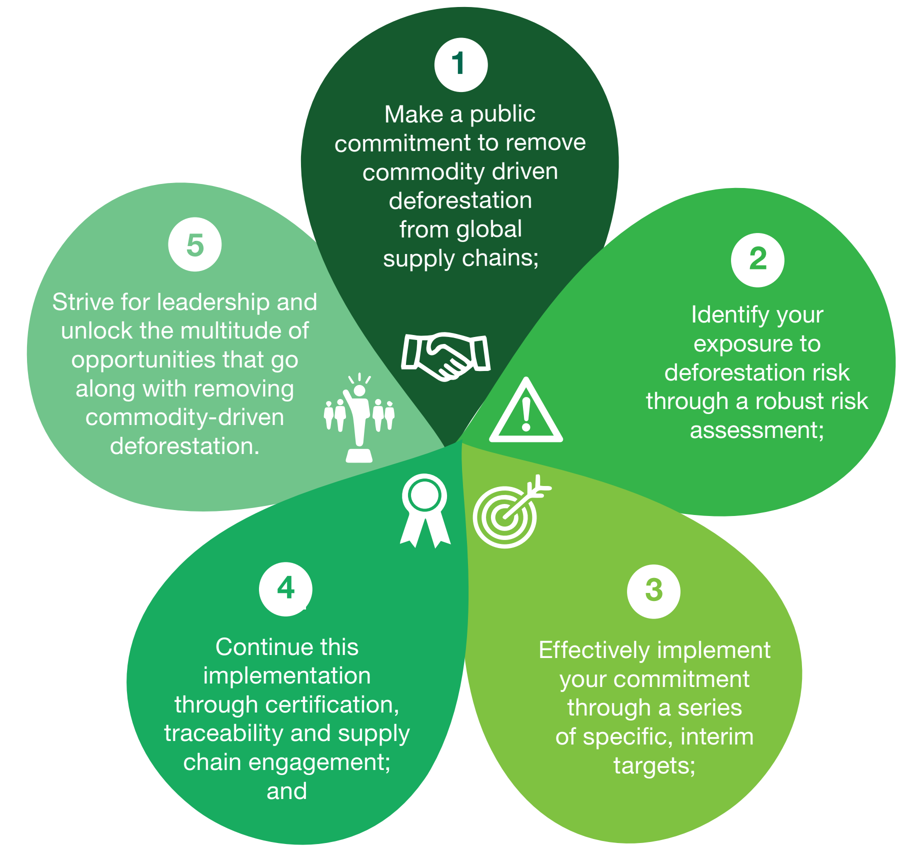
Forests Management Unlocks Opportunity

Stopping deforestation is inextricably linked to realizing a multitude of business opportunities, staying ahead of the ever-shifting regulatory curve, and mitigating financial risk.

In their 2017 disclosures to CDP, 75% of Canadian companies report opportunities related to the production and sourcing of sustainable commodities.

For example, **Empire Company Limited** notes an increase in brand and shareholder value related to sourcing sustainable palm oil. Meanwhile, **Stella-Jones Inc.** has identified new market opportunities in helping their customers reduce their own footprint.

For companies looking to halt deforestation in their operations and supply chains:



Supplier disclosure also provides the building blocks for organizations to manage and reduce their exposure to deforestation risk at scale. Now, CDP is offering companies the opportunity to gather supply information in a standardized and comparable format on the risks of producing or sourcing timber production, palm oil, soy and cattle products. If you are interested in learning more, visit: https://www.cdp.net/en/supply-chain.

Ultimately, transparency is critical to improve company performance. In 2017, 19 companies with headquarters in Canada and whose business activities are dependent on forests risk commodities were asked to report on their efforts to better assess, measure and mitigate risks and capitalize on opportunities. Only six responded.

Companies must act

to better measure, manage and understand environmental risk and report on progress to their stakeholders. We look forward to continuing to build our forests program and to catalyzing action to stop deforestation and its impacts in Canada.

Methane
Methane emissions from the Oil and Gas value chain

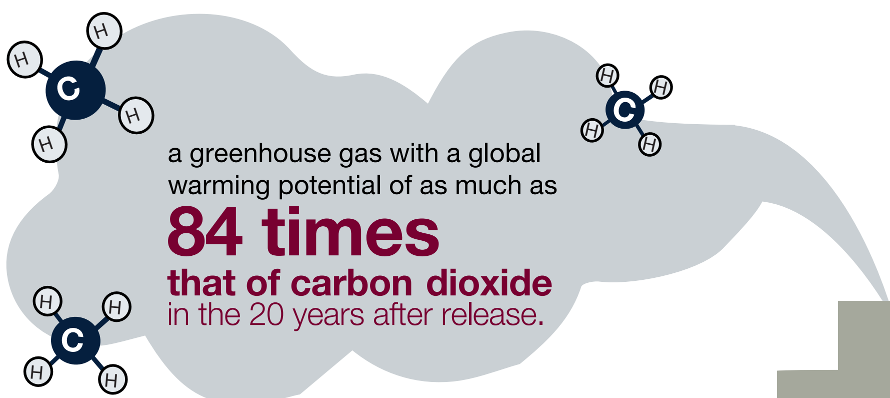
20

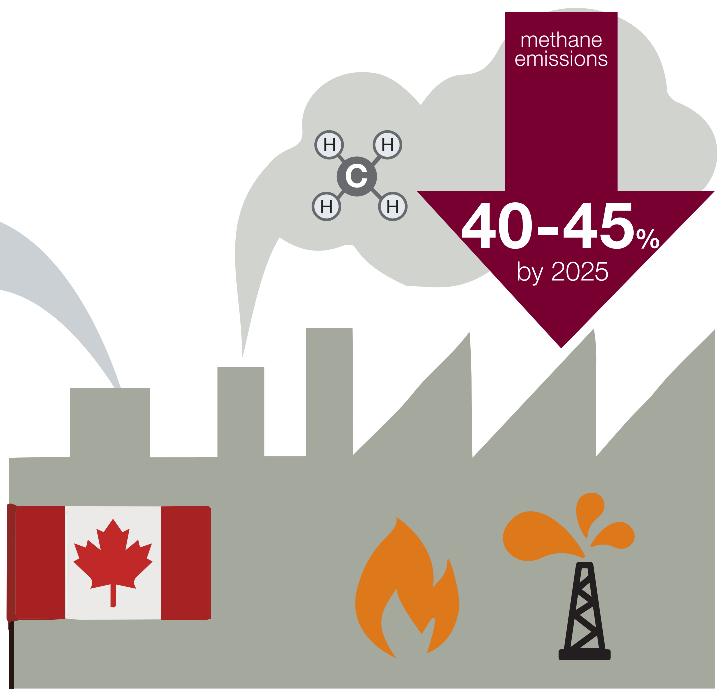
Total energy sector companies in Canada disclosed publicly to CDP Climate Change in 2017

10 of those companies averaged a total methane emitted of **0.93%** expressed as % of total **natural gas production** or throughput at a given segment for Canadian disclosers

10 of those companies averaged a total methane emitted of **0.36%** expressed as % of total **hydrocarbon production** or throughput at a given segment for Canadian disclosers

The Oil and Gas sector is a significant source of **methane emissions**, a greenhouse gas with a global warming potential of as much as **84 times that of carbon dioxide** in the 20 years after release.





Regulatory scrutiny of methane issues is gaining traction in Canada including a national government commitment to reduce methane emissions by 40 to 45 percent below 2012 levels by 2025 from the oil and gas sector.

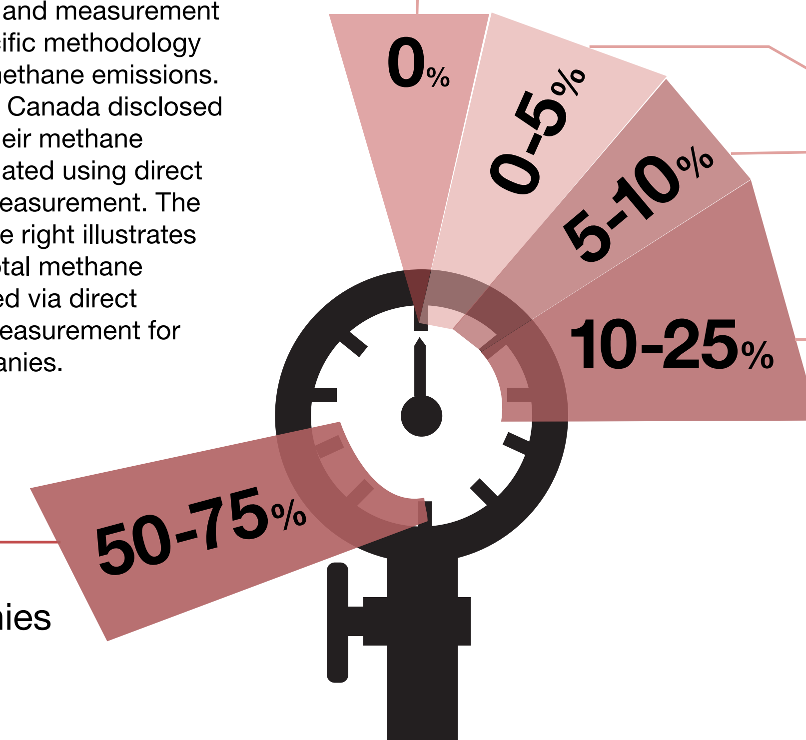
Methane targets

Four Canadian companies either set methane specific emissions reduction targets or included the specific component methane contributed to their overall targets

Peyto Exploration & Development Corp. set a methane specific target

How are companies calculating their methane emissions?

Direct detection and measurement is the most specific methodology for calculating methane emissions. 10 companies in Canada disclosed the percent of their methane emissions calculated using direct detection and measurement. The infographic to the right illustrates the percent of total methane emissions derived via direct detection and measurement for individual companies.



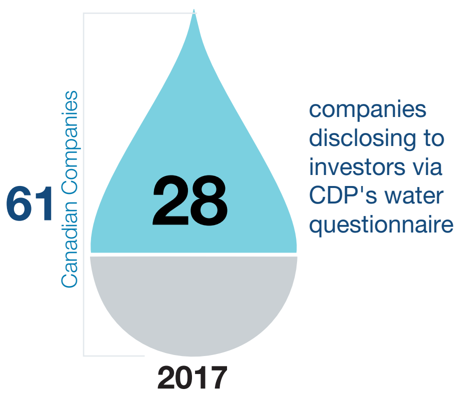
Methane is the primary component of natural gas. Therefore, methane emissions from oil and gas companies are not only dangerous to the climate but, when present, demonstrate operational inefficiencies. Research from CDP's **2016 Oil & Gas report**, which ranked 11 of the largest and highest-impact publically listed oil and gas companies, showed that on average the 11 companies were losing 6% of their natural gas production through flaring and methane venting and leakages.

Poor management of natural gas resources represent lost revenue and compromise the fuel's emissions advantages relative to coal. However, cost effective leak detection and repair (LDAR) solutions are available to the industry. Recent analysis from the International Energy Agency's (IEA) **World Energy Outlook** (WEO) 2017 found that 40% to 50% of current methane emissions from the global oil and gas sector could be avoided using available solutions at no net cost.

With a clear business case, several companies in Canada are taking steps to improve their methane emissions management.

Company name	Methane disclosure in 2017 CDP O&G module
ARC Resources Ltd.	YES
Baytex Energy Corp.	YES
Bonavista Energy Corporation	YES
Canadian Natural Resources Limited	YES
Crescent Point Energy Corporation	YES
Husky Energy Inc.	YES
Imperial Oil	YES
Keyera Corp.	YES
Peyto Exploration & Development Corp.	YES
Seven Generations Energy	YES
ShawCor Ltd.	YES
Suncor Energy Inc.	YES
Vermilion Energy Inc.	YES
Cenovus Energy Inc.	NO
TransCanada Corporation	NO
MEG Energy Corp.	NO
Inter Pipeline Ltd.	NO
Encana Corporation	NO
Enerplus Corporation	NO

Water security
Canadian corporate perspective



68% have board-level oversight on water issues.

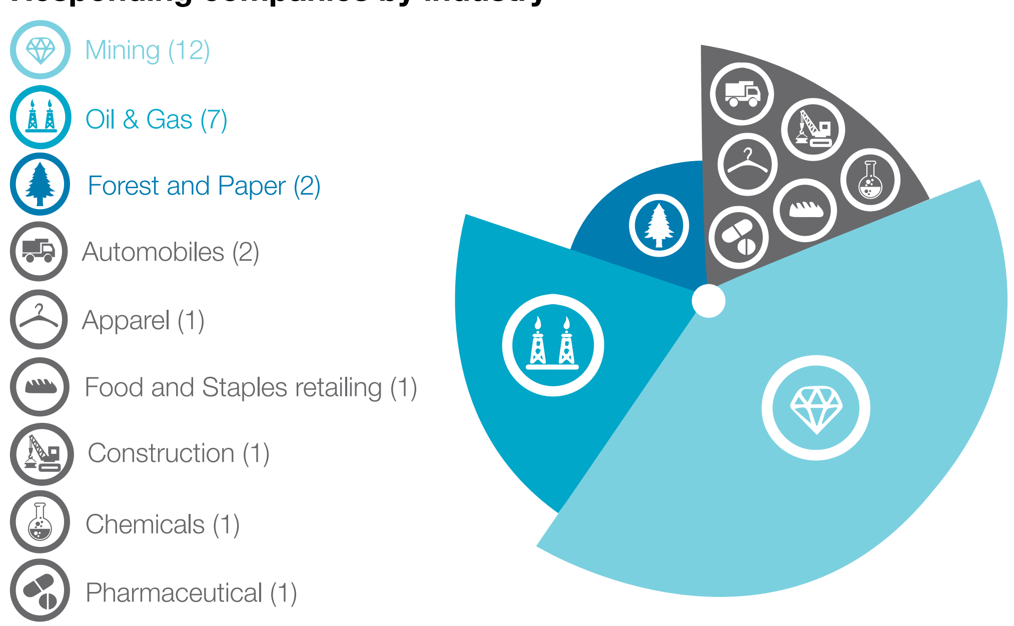
61% regularly measure and monitor water withdrawals, discharges and consumption at more than three-quarters of their sites.

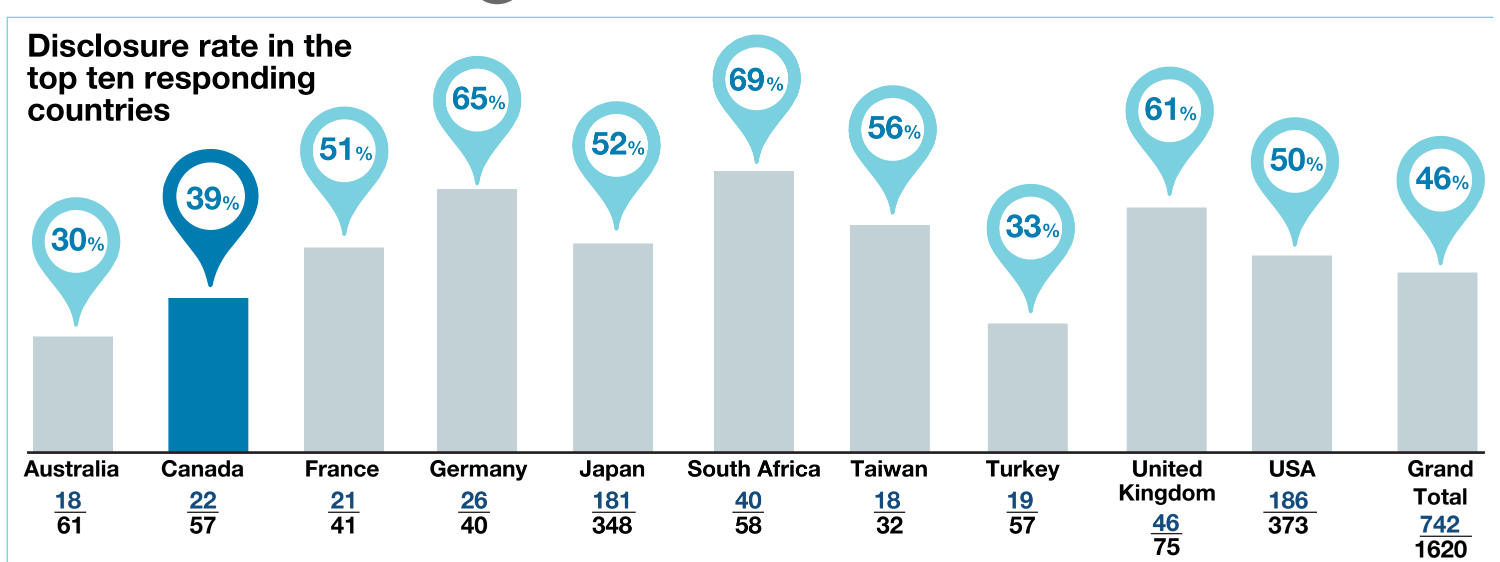
Only **32%** have set both water targets (quantitative) and goals (qualitative). **7%** only have targets, **32%** only have goals, and a substantial **29%** have set no targets or goals on water.

14% of companies report that water risks are not assessed. Of the **86%** that do assess water risk, only five companies are conducting a comprehensive risk assessment across direct operations and supply chain.

With the international operations run by almost all companies engaged with in Canada, the importance of planning for water security in regions that are water-stressed is an urgent concern. More than two thirds of Canadian companies responding to this questionnaire reflect the extractive industry, which is water intensive and often has many global sites of operation. Within the country, while Canada generally is not a region facing water scarcity, ensuring that quality of water in the country remains high is a vital concern.

Responding companies by industry





Shows responses submitted by August 2, 2017 and Self-Selected Companies, from companies headquartered in respective countries

Investor angle
Water case studies

WATER SECURITY IS A LOCAL ISSUE

Risks are complex and can impact different sectors in very different ways, which for investors can make company evaluation and engagement a daunting challenge. Disclosing to investors via CDP enables a company to better understand its water risk exposure, identify actions to mitigate these risks and seize a competitive advantage. While it is encouraging to have the number of disclosing companies in Canada increase from 19 in 2016 to 28 in 2017, there is still a vast majority that is not responding to this investor request for water information. Below are some highlights of good practice from companies, signposted to areas of the questionnaire that can guide investors in understanding a company's water management.

Potential impact of water on valuation	CDP data points to watch	Company examples
OPERATING COSTS	W6.2 a – How water has positively influenced business strategy, especially location planning and site expansions.	Canadian oil & gas producer, **Enerplus Corporation**, evaluates potential water sources in the initial planning stages of new projects and site expansions to ensure that sufficient, economically feasible water supply is available for both immediate development and the overall development areas life cycle. Only areas with economically viable water supply will be developed.
CAPITAL INVESTMENT	W3.2 c & d – Risk and response	**Enbridge** reports that the risk posed by a spill or leak from its Liquid Pipelines network to a watercourse could result in significant negative impacts to brand image. These impacts could also contribute to delays from regulators in permitting and approving future projects, customer transport disruption and potential litigation. In 2016, US$750 million was spent on programs that help Enbridge maintain system fitness and detect leaks across operations in Canada and the U.S, including US$18.5 million on leak inspection and survey programs. Over the last three years, investment has totaled more than US$2.88 billion.
		Detour Gold Corporation identified the risk of severe drought or loss of access to water which could result in reduced production at the company's mine in Canada. To mitigate this risk, Detour is investing US$40-60 million annually in long term planning for water storage and tracking all water use. The company has also established site-specific targets, invested in infrastructure maintenance, and promotes best water use best practice and awareness.
PLANNING FOR RESILIENCY	W8.1 a & b – Targets and goals	By implementing site-specific water use reduction targets, **Resolute Forest Products** aims to increase its water efficiency while reducing its operational costs and environmental footprint, going beyond regulatory and legal requirements to minimize impact. Each facility sets a target to reduce water and fiber loss annually in addition to setting other targets specific to local issues. This approach reflects the different geographic and technological realities at each operation. Performance is monitored closely to maintain continuous improvement across company KPIs and it regularly conducts environmental risk audits as part of its proactive, preventative approach to environmental management.
		PotashCorp has a goal to reduce water consumption per ton of phosphate product by 10% by 2018 compared to 2014 levels. Additionally, as phosphate mining creates their largest land impacts, including wetlands at Aurora and White Springs, they have goals around watershed remediation. This includes an aim to preserve sensitive lands from mining, to enhance or restore public lands, and to grant conservation easements, conduct offsite mitigation and to make defined contributions for public acquisition of environmentally sensitive lands in the regions.
		New Gold Inc. used the Alliance for Water Stewardship (AWS) Standard to form its own water stewardship standard at its sites in Canada. Sites are required to adopt monitoring programs and guidelines, adhering to local regulatory contexts. This is annually audited and provides assurance that each site is measuring impacts against the appropriate guidelines. The standard also requires a detailed water balance to be formulated… All sites completed an action plan based on a gap analysis against its New Gold Water Stewardship Standard and are working towards A-Level for all indicators.

Reimagining disclosure

Our 2017-2020 Tipping Point strategy[1] is to build on the momentum of the Paris Agreement and fulfill our mission to mainstream environmental stewardship and action into the economic system. We have been the catalyst for global disclosure over the past 15 years. We want to continue to drive the future of meaningful disclosure to help companies and investors better understand environmental risk and opportunities. This will accelerate the transition to a more sustainable economy and future.

We set up our Reimagining Disclosure initiative to work in consultation with you and our other key stakeholders to evolve our corporate questionnaires. Our goals of this initiative are to:

- Provide investors and stakeholders with increased relevant information now and into the future; and
- Optimise the reporting burden for companies.

To deliver this, we have focused development of our questionnaires on the high impact areas through the following three pillars.

1. **Introduction of sector-specific questionnaires.** We have listened to the feedback from both companies and investors that we need to focus on sector-specific disclosures.
2. **Integration of the recommendations of the Task-Force on Climate-Related Financial Disclosures (TCFD).** These recommendations align closely with existing CDP disclosures and will be incorporated principally into our climate change questionnaire, with water- and forest-specific TCFD recommendations also included in these respective questionnaires.
3. **Continued evolution into more forward-looking metrics and reporting harmonisation.** We are building upon forward-looking metrics in carbon pricing and science based targets to include reporting on scenario analyses, carbon price corridors, and transition pathway planning as key indicators of where companies are and the progress they are making.

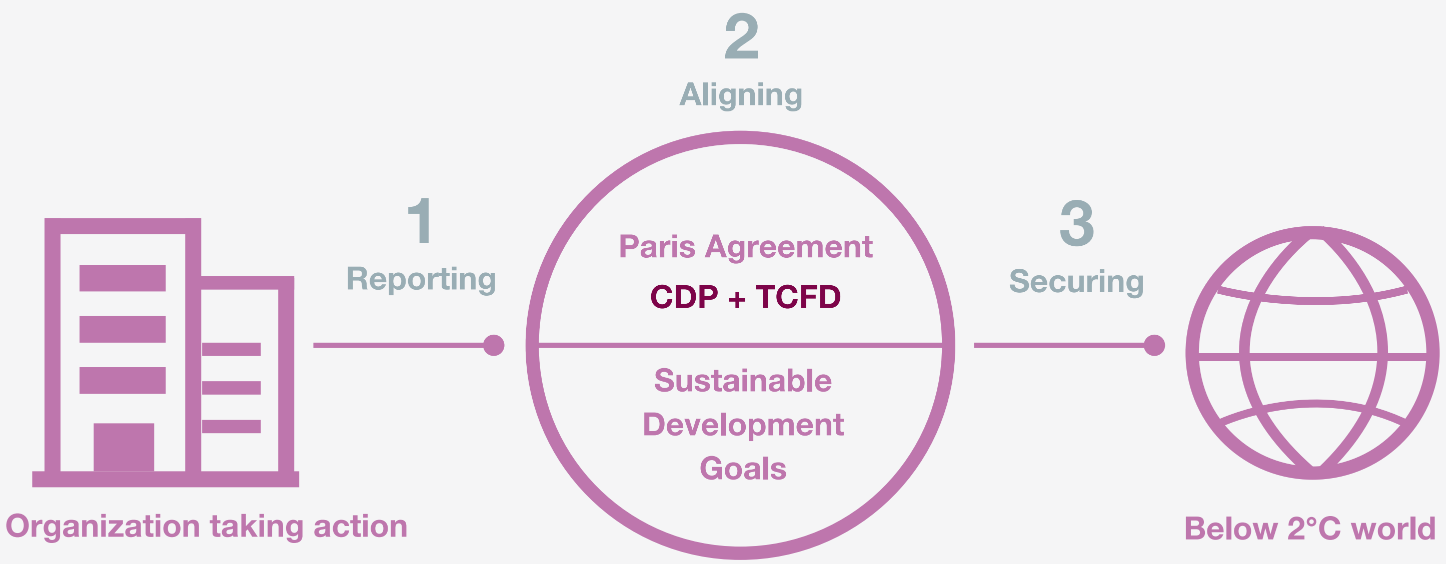
What's new for 2018?

We are launching 18 new sector-specific questionnaires across our three themes in 2018, with all other sectors answering the "general" questionnaire for the relevant theme(s):

Cluster	Climate change	Forests	Water
General	All other companies without sector specific questionnaires	All other companies without sector specific questionnaires	All other companies without sector specific questionnaires
Energy	Oil & gas Coal Electric utilities		Oil & gas Electric utilities
Transport	Vehicle manufacturers Service providers		
Materials	Cement Steel Metals & mining Chemicals		Metals & mining Chemicals
Agriculture	Food, beverage & tobacco Agricultural commodities Paper & forestry	Paper & forestry	Food, beverage & tobacco

1 https://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcdd1d.ssl.cf3.rackcdn.com/cms/reports/documents/000/002/292/original/CDP-Strategic-Plan.pdf?1501603727

How it all fits together:



For climate change, in addition to the inclusion of sector-specific metrics, the majority of changes introduced align both structure and flow with the recommendations of the TCFD. This means an increased focus on financial impacts, and the inclusion of scenario analysis and transition planning. This is designed to help companies in preparing to include TCFD recommended disclosures in their mainstream reporting and accounts, and to provide a place for companies to reference from their reports in providing more detail.

For water, the structure and flow has been retained to maintain alignment with the CEO water mandate. Some questions have had wording and options changed following consultation (e.g. move from supply chain to value chain), and to align with TCFD recommendations.

For forests, the main changes have been to include disclosures from our 2016-17 supply chain pilot, consolidation of questions, and better alignment with climate change and water questionnaires. We have also introduced differentiation between sustainable forestry management for paper & forestry companies, land use change, and differentiation between afforestation, reforestation and restoration projects.

Outreach this year

We have reached over 2000 companies and other stakeholders on our reimagining plans this year through webinars, conferences, meetings, industry groups, and two consultations this year:

1. Over 170 organisations responded to our first consultation on sector-specific disclosures and evolution;
2. We published 6 months earlier than usual our draft sector-specific questionnaires for feedback from organisations in our second consultation.

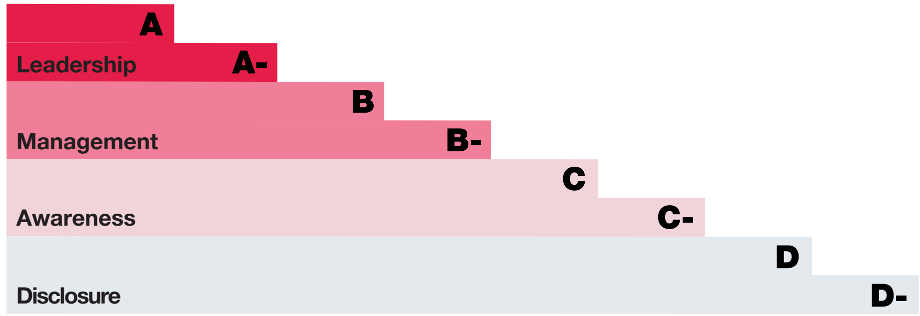
The feedback was processed to look for common responses, agreement/disagreement between stakeholders, and then assessed to see if the feedback would help add to achieving our goals for reimagining disclosure. The final questionnaires will be published in December as a result of this feedback and our own development work.

The consultation is now closed but the results, supporting documents and draft sector-specific questionnaires can still be viewed at **https://www.cdp.net/en/companies/consultation**

Corporate Scores

Scoring: a measure of a company's environmental performance

Scoring at CDP is mission-driven, focusing on CDP's principles and values for a sustainable economy and as such scores are a tool to communicate the progress companies have made in addressing environmental issues, and highlighting where risks may be unmanaged. CDP has developed an intuitive approach to presenting scores that highlight a company's progress towards leadership using a 4 step approach: **Disclosure** which measures the completeness of the company's response; **Awareness** which intends to measure the extent to which the company has assessed environmental issues, risks and impacts in relation to its business; **Management** which is a measure of the extent to which the company has implemented actions, policies and strategies to address environmental issues; and **Leadership** which looks for particular steps a company has taken which represent best practice in the field of environmental management.



Leadership	80-100%	A
	0-79%	A-
Management	45-79%	B
	0-44%	B-
Awareness	45-79%	C
	0-44%	C-
Disclosure	45-79%	D
	0-44%	D-

F = Failure to provide sufficient information to CDP to be evaluated for this purpose[1]

1 Not all companies requested to respond to CDP do so. Companies who are requested to disclose their data and fail to do so, or fail to provide sufficient information to CDP to be evaluated will receive an F. An F does not indicate a failure in environmental stewardship.

2 CDP's methodology aims to incentivize continuous improvements as reflected by the state of the market and the improvement of scientific knowledge around the environmental issues it evaluates. The methodology thus evolves over time and the weight of some questions might change or some previously unscored questions might start being scored. As part of these improvements for 2017 scoring, CDP has modified the thresholds from last year.

The scoring methodology clearly outlines how many points are allocated for each question and at the end of scoring, the number of points a company has been awarded per level is divided by the maximum number that could have been awarded. The fraction is then converted to a percentage by multiplying by 100. A minimum score of 80%[2], and/or the presence of a minimum number of indicators on one level will be required in order to be assessed on the next level. If the minimum score threshold is not achieved, the company will not be scored on the next level.

The final letter grade is awarded based on the score obtained in the highest achieved level. For example, Company XYZ achieved 88% in Disclosure level, 82% in Awareness and 65% in Management will receive a B. If a company obtains less than 44% in its highest achieved level (with the exception of Leadership), its letter score will have a minus. For example, Company 123 achieved 81% in Disclosure level and 42% in Awareness level resulting in a C-. However, a company must achieve over 80% in Leadership to be eligible for an A and thus be part of the A List. Furthermore, in order for a company to be eligible for inclusion in the A List it must not have reported any significant exclusions in emissions and have at least 70% of its scope 1 and scope 2 emissions verified by a third party verifier using one of the accepted verification standards as outlined in the scoring methodology.

Public scores are available in CDP reports, through Bloomberg terminals, Google Finance and Deutsche Boerse's website. CDP operates a strict conflict of interest policy with regards to scoring and this can be viewed at https://www.cdp.net/scoring-confict-of-interest

Future of Scoring

As part of its 'Reimagining Disclosure' initiative, CDP developed a series of sector-specific questionnaires integrating the recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD) and stakeholder feedback collected via two rounds of consultations. Each sector questionnaire will have a corresponding sector-specific scoring methodology which will be released in the first quarter of 2018.

Corporate scores

Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
Consumer Discretionary						
Aimia Inc.	C					
Amaya Inc	F					
Aritzia Inc.	F					
BRP	C					
Canadian Tire Corporation, Limited	B	F	F			
Cineplex Inc.	F					
Cogeco Communications Inc.	C					
Corus Entertainment Inc.	F					
DHX Media Ltd	F					
Dollarama Inc	F	F	F			
Dorel Industries Inc.	F					
EnerCare Inc	F					
Entertainment One Ltd	F					
General Motors Company	A-	A	F			
Gildan Activewear Inc.	C	C				C
Hudson's Bay Co.	F					
Krug Inc.	D					
Linamar Corporation	F					
Lululemon Athletica Inc.	C	F	F			
Magna International Inc.	D	D				
MARTINREA INTERNATIONAL INC.	D					
Quebecor Inc.	C					
Restaurant Brands International	AQL	F	AQL			
RONA inc.	C					B-
Shaw Communications Inc.	F					
Thomson Reuters Corporation	AQL					
Consumer Staples						
Alimentation Couche-Tard Inc.	F	F	F			
Cott Corporation	F					
Empire Company Limited	C	F	AQL			
George Weston Limited	C	D		C		
Jean Coutu Group Inc	F	F	F			
Loblaw Companies Limited	C	F	F			
Maple Leaf Foods Inc.	AQL		F			

Key:

- **A** — Company achieved A List status for this program
- **F** — Company failed to disclose for this program
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Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
Metro Inc.	C	F	F			
Molson Coors Canada	SA					
Premium Brands Holdings Corporation	F		F			
Saputo Inc.	C-	F	F			
Energy						
Advantage Oil & Gas Ltd.	F					
Africa Oil Corp	F	F				
AltaGas Ltd.	B	F				
ARC Resources Ltd.	C	F				
Athabasca Oil Corporation	F					
Bankers Petroleum Ltd.	F					
Baytex Energy Corp.	C					
Bellatrix Exploration Ltd	F					
Birchcliff Energy Ltd	F					
BlackPearl Resources Inc	F					
Bonavista Energy Corporation	AQL					
Bonterra Energy Corp	F					
Cameco Corporation	C	F				
Canadian Energy Services & Technology Corp	F					
Canadian Natural Resources Limited	D	AQL				
Canadian Oil Sands Limited	F					
Cenovus Energy Inc.	B					
CNOOC	F	F				
Connacher Oil and Gas Ltd	F					
Crescent Point Energy Corporation	C	B				
Crew Energy Inc.	F					
Enbridge Inc.	C	B				
Enbridge Income Fund Holding	SA					
Encana Corporation	D-	D-				
Enerplus Corporation	C	B				
Freehold Royalties Ltd.	F	F				
Gibson Energy Inc	F	F				
Gran Tierra Energy Inc.	D-					
Husky Energy Inc.	B	AQL				
Imperial Oil	D	F				
Inter Pipeline Ltd.	C					

Corporate scores

Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
Ithaca Energy Inc	F					
Keyera Corp.	C	F				
Lightstream Resources Ltd	F					
Long Run Exploration Ltd	F					
MEG Energy Corp.	C					
Mullen Group Ltd	F					
Niko Resources Ltd.	F					
NuVista Energy	F					
Pacific Exploration and Production Corp	F					
Paramount Resources Ltd.	F					
Parex Resources Inc	F					
Parkland Fuel Corporation	F					
Pembina Pipeline Corporation	F					
Pengrowth Energy Corporation	F					
Penn West Exploration	F					
Peyto Exploration & Development Corp.	C	F				
Prairiesky Royalty Ltd	F	F				
Precision Drilling Corporation	F					
Prophecy Resource Corp.	F					
Raging River Exploration Inc	F					
Seven Generations Energy	C	F				
ShawCor Ltd.	C					
SouthGobi Resources Ltd.	F					
Suncor Energy Inc.	B	B				
Surge Energy Inc	F					
Touchstone Exploration Inc	F					
Tourmaline Oil Corp	AQL	F				
TransCanada Corporation	B	F				
Trilogy Energy Corp	F					
Twin Butte Energy Ltd	F					
Veresen Inc.	F					
Vermilion Energy Inc.	A-	F				
Whitecap Resources	F					

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Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
Financials						
Bank of Montreal	A-					
Bank of Nova Scotia (Scotiabank)	C					
Canadian Imperial Bank of Commerce (CIBC)	C					
Canadian Western Bank	F					
CI Financial Corp.	AQL					
Desjardins Group	B					
E-L Financial Corporation Limited	F					
Element Fleet Management	F					
Fairfax Financial Holdings	F					
Genworth MI Canada Inc.	SA					
Great-West Lifeco Inc.	A-					
Home Capital Group Inc.	F					
IGM Financial Inc.	A-					
Industrial Alliance Insurance and Financial Services Inc.	D					
Intact Financial Corporation	D					
Laurentian Bank of Canada	D-					
Manulife Financial Corp.	B					
National Bank of Canada	D					
ONEX Corporation	F					
Power Corporation of Canada	A-					
Power Financial Corporation	A-					
Royal Bank of Canada	C					
Sun Life Financial Inc.	C					
TD Bank Group	A-					
TMX Group Limited	F					
Health Care						
Endo International plc	F	F				
ProMetic Life Sciences Inc	F					
Valeant Pharmaceuticals International, Inc.	D	D				
Industrials						
Air Canada	C					
Allseating Corporation	D					
Armstrong Fluid Technology	D					
Bombardier Inc.	F	F				
Brookfield Business	F					

Corporate scores

Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
CAE Inc.	D					
Canadian National Railway Company	A					
Canadian Pacific Railway	AQL					
Finning International Inc.	D					
Inscape Corporation	D					
Keilhauer	D					
MacDonald, Dettwiler and Associates Ltd. (MDA Corporation)	F					
New Flyer Industries Inc	F					
Progressive Waste Solutions Ltd.	F					
Ritchie Bros. Auctioneers Incorporated	F					
SNC-Lavalin Group Inc.	C	AQL				
SPIN MASTER LTD	C-					
Stance Healthcare	D					
Stantec Inc.	C					
Teknion Limited	B					
TFI International Inc	F					
Toromont Industries Ltd.	F					
Transcontinental Inc.	C					B
WestJet Airlines Ltd.	F					
Westshore Terminals Investment Corporation	F					
WSP	A-					
Information Technology						
BlackBerry Limited	C					
Celestica Inc.	B					
CGI Group Inc.	B-					
Constellation Software Inc	F					
Descartes Systems Group	F					
OpenText Corporation	D-					
Shopify Inc	D					
Materials						
Agnico-Eagle Mines Limited	D	F				
Agrium Inc.	AQL	F				
Alamos Gold Inc.	F	F				
B2GOLD CORP	F					
Barrick Gold Corporation	B	A-				
Canfor Corporation	F					

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Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
Cardero Resource Corp	F					
Cascades Inc.	AQL					
Catalyst Paper Corporation	C	B-				B
CCL Industries	C					
Centamin plc	C	B				
Centerra Gold Inc.	D					
Detour Gold Corporation	D	B				
Dominion Diamond Corp	F					
Domtar Corporation	D	F				B
Eldorado Gold Corporation	C	B				
Endeavour Mining Corp	F					
First Majestic Silver Corp	F					
First Quantum Minerals Limited	C	B				
Franco-Nevada Corporation	D					
Goldcorp Inc.	C	B				
HudBay Minerals Inc.	C	B				
IAMGOLD Corporation	D	B-				
Interfor Corp	F					
Intertape Polymer Group Inc	F					
Ivanhoe Mines	F	B				
Kinross Gold Corporation	C	F				
Lundin Mining Corporation	C					
Major Drilling Group International.	F					
Methanex Corporation	AQL	F				
New Gold Inc.	AQL	C				
Norbord Inc.	F		F			
NovaGold Resources Inc.	F					
OceanaGold Corporation	F					
Pan American Silver Corp.	F					
Potash Corporation of Saskatchewan Inc.	C	B				
Pretium Resources Inc	F					
Resolute Forest Products Inc.	C	A-				A-
Richmont Mines Inc	F					
Semafo Inc.	F					
Silver Wheaton Corp.	C					
Stella-Jones Inc	C					B-

Corporate scores

Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
Tahoe Resources Inc.	F					
Teck Resources Limited	B	A-				
Turquoise Hill Resources Ltd	SA					
West Fraser Timber Co. Ltd.	F	F	F			
Winpak Ltd.	F					
Yamana Gold Inc.	C-					
Real Estate						
Allied Properties REIT	F					
Artis REIT	F					
Bentall Kennedy	D					
Boardwalk REIT	C					
Brookfield Asset Management Inc.	F					
Brookfield Canada Office Properties	F					
Brookfield Property Partners	F					
Canadian Real Estate Investment Trust	AQL					
CAPREIT	F					
Chartwell Seniors Housing REIT	F					
Choice Properties Reit	SA					
Colliers International	F					
Cominar Real Estate Investment Trust	F					
Crombie Real Estate Investment Trust	F					
CT Real Estate Investment Trust	SA					
Dream Office REIT	F					
First Capital Realty Inc.	AQL					
FirstService Corp.	F					
Gazit Globe Ltd	F					
Granite Real Estate Inc	F					
H&R Real Estate Investment Trust	C-					
Milestone Apartments Real Estate Investment Trust	F					
Morguard Corporation	F					
RioCan Real Estate Investment Trust	F					
Smart Real Estate Investment Trust	F					

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Company	Climate	Water	Forests: Cattle Products	Forests: Palm Oil	Forests: Soy	Forests: Timber
Telecommunication Services						
BCE Inc.	A-					
Manitoba Telecom Services	F					
Rogers Communications Inc.	C					
Telus Corporation	C					
Utilities						
Alaska Hydro Corporation	F					
Algonquin Power & Utilities Corporation	D					
ATCO Ltd.	F	F				
Brookfield Infrastructure Partner L.P.	F					
Brookfield Renewable Power Inc.	F					
Canadian Utilities	F	F				
Capital Power Corporation	C		F			
Emera Inc.	B					
Essar Power Canada Ltd.	F					
Fortis Inc.	F	F				
Hydro One Networks Inc.	D					
Just Energy Group Inc.	F					
Northland Power Inc	F					
Pattern Energy Group Inc	F					
Superior Plus Corp.	F					
TransAlta Corporation	B					
Transalta Renewables Inc	SA					

Unilever recognized by CDP for leadership on environmental action

Unilever is one of only two companies to score an A for all three of CDP's programs in *Picking up the pace*, CDP's second annual analysis in the *Tracking corporate action on climate change* series. The score has been achieved by cutting carbon emissions and enhancing water stewardship across Unilever's value chain, tackling deforestation associated with palm oil in its supply chain and leading the transformation towards a new sustainable circular economy.

Globally, Unilever has reduced CO^2 from energy in manufacturing by almost two thirds over the past two decades and has set a bold target of being carbon positive by 2030, committing to source 100% of its energy from renewable sources.

“Operating sustainably complements Unilever's business success,” says John Coyne, VP, Legal & External Affairs at Unilever Canada Inc. “We decrease costs and reduce risk while driving growth for our brands and encouraging innovation.”

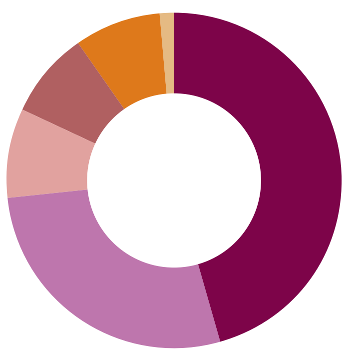
Here in Canada, Unilever recently announced an extension of its renewable energy partnership with Bullfrog Power through 2020, which will help the organization meet its emissions reduction goals. Working with Bullfrog, Unilever Canada is also supporting the development of community-based renewable energy projects across Canada, including the first community-owned wind farm in Ontario (pictured here).

bullfrogpower Unilever

Investor Signatories and Members

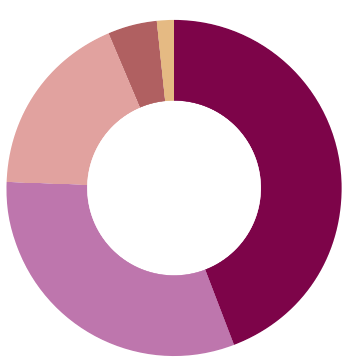
Investor signatories and members

1. Investor signatories by location



- **Europe** - 366 = 46%
- **North America** - 224 = 28%
- **Latin America & Caribbean** - 70 = 9%
- **Asia** - 67 = 8%
- **Australia and NZ** - 65 = 8%
- **Africa** - 11 = 1%

2. Investor signatories by type



- **Asset Managers** - 355 = 44%
- **Asset Owners** - 253 = 32%
- **Banks** - 144 = 18%
- **Insurance** - 38 = 5%
- **Others** - 13 = 2%

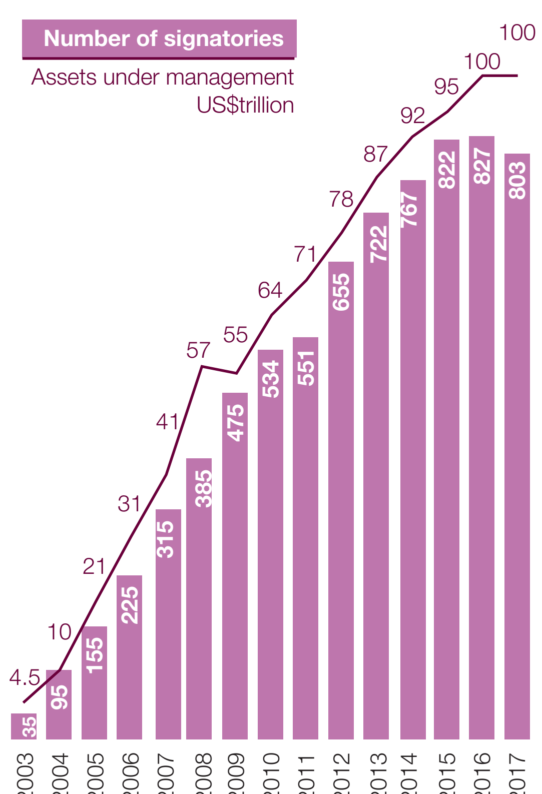
CDP's investor program - backed in 2017 by 803 institutional investor signatories representing in excess of US$100 trillion in assets - works with investors to understand their data and analysis requirements and offers tools and solutions to help them.

Our global data from companies and cities in response to climate change, water insecurity and deforestation and our award-winning investor research series is driving investor decision-making. Our analysis helps investors understand the risks they run in their portfolios. Our insights shape engagement and add value not only in financial returns but by building a more sustainable future.

For more information about the CDP investor program, including the benefits of becoming a signatory or member please visit: **http://bit.ly/2vvsrhp**

To view the full list of investor signatories please visit: http://bit.ly/2uW3336

3. Investor signatories over time



Investor members
ACTIAM
Aegon
Allianz Global Investors
ATP Group
Aviva Investors
Aviva plc
AXA Group
Bank of America
Bendigo and Adelaide Bank
BlackRock
Boston Common Asset Management LLC
BP Investment Management Limited
British Columbia Investment Management Corporation
California Public Employees' Retirement System
California State Teachers' Retirement System
Calvert Investment Management, Inc
Capricorn Investment Group
Catholic Super
CCLA Investment Management Ltd
ClearBridge Investments
Environment Agency Pension fund
Ethos Foundation
Etica SGR
Eurizon Capital SGR S.p.A.
Fundação Chesf de Assistência e Seguridade Social
Fundação de Assistência e Previdência Social do BNDES
FUNDAÇÃO ITAUBANCO
Generation Investment Management
Goldman Sachs Asset Management
Henderson Global Investors
Hermes Fund Managers
HSBC Global Asset Management
Instituto Infraero de Seguridade Social
KLP
Legal and General Investment Management
Legg Mason, Inc.
London Pensions Fund Authority
Morgan Stanley
National Australia Bank
Neuberger Berman
New York State Common Retirement Fund
Nordea Investment Management
Norges Bank Investment Management
ÖKOWORLD LUX S.A.
Overlook Investments Limited
PFA Pension
PREVI Caixa de Previdência dos Funcionários do Banco do Brasil
Rathbone Greenbank Investments
RBC Global Asset Management
Real Grandeza Fundação de Previdência e Assistência Social
Robeco
RobecoSAM AG
Rockefeller Asset Management
Sampension KP Livsforsikring A/S
Schroders
Skandinaviska Enskilda Banken AB
Sompo Holdings, Inc
Sustainable Insight Capital Management
TIAA
Terra Alpha Investments LLC
The Sustainability Group
The Wellcome Trust
UBS
University of California
University of Toronto Asset Management Corporation (UTAM)
Whitley Asset Management

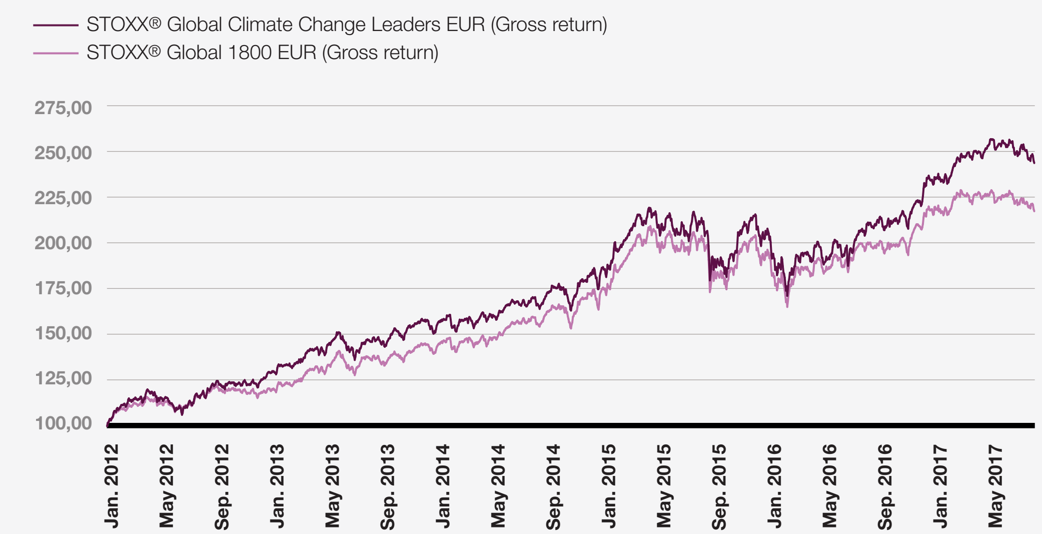
Investing in CDP's Climate Change Leaders made easy: CDP and STOXX® continue collaboration on Low Carbon Index Family

26%

outperformance over past five years*

STOXX® Low Carbon Index family now expanded based on CDP's forward-looking scoring methodology.

From 19/12/2011 to 11/8/2017, The STOXX® Global Climate Change Leaders index outperforms the STOXX® Global 1800 index by 26%



Data from Dec. 19, 2011 to Aug. 11, 2017

The Climate A List comprises a strong set of companies who lead on climate change mitigation today and in the future. It is exciting to see the rising investor interest in the STOXX® Global Climate Change Leaders Index.

Willem John Keogh,
Senior Product Development Manager, Director, STOXX® Ltd.

Building on last year's successful collaboration with STOXX® and South Pole Group (now ISS Ethix Climate Solutions), this year CDP has again provided data and expertise for the continuation and expansion of the STOXX® Low Carbon index family.

As the first index to track CDP's Climate A List available to all market participants, the STOXX® Global Climate Change Leaders Index has made investing in CDP's Climate A List easier than ever before.

Being based on the CDP A List, this unique index includes carbon leaders who are publicly committed to reducing their carbon footprint[1], offering investors a fully transparent and tailored solution to address long-term climate risks, while participating in the sustainable growth of a low-carbon economy.

The index has outperformed a global benchmark by 26% over 5 years.

New generation of low carbon indices based on CDP data

This year, STOXX® has expanded its Low Carbon Index family by introducing the STOXX® Climate Impact and STOXX® Climate Awareness Indices. The new indices now include the first three levels of the CDP climate change scoring methodology: Leadership, Management and Awareness.

Investors are showing great interest: STOXX® has recently licensed one of its Global Climate Impact indices to the Varma Mutual Pension Insurance Company, the largest private investor in Finland.

CDP is looking forward to contributing to innovative solutions that can add real value for investors in the future.

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1 The index is price weighted with a weight factor based on the free-float market cap multiplied by the corresponding Z-score carbon intensity factor of each constituent. Components with lower carbon intensities are overweighted, while those with higher carbon emission are underweighted.

* Compared to the STOXX Global 1800 Index in the period from 11/12/2011 to 11/08/2017.

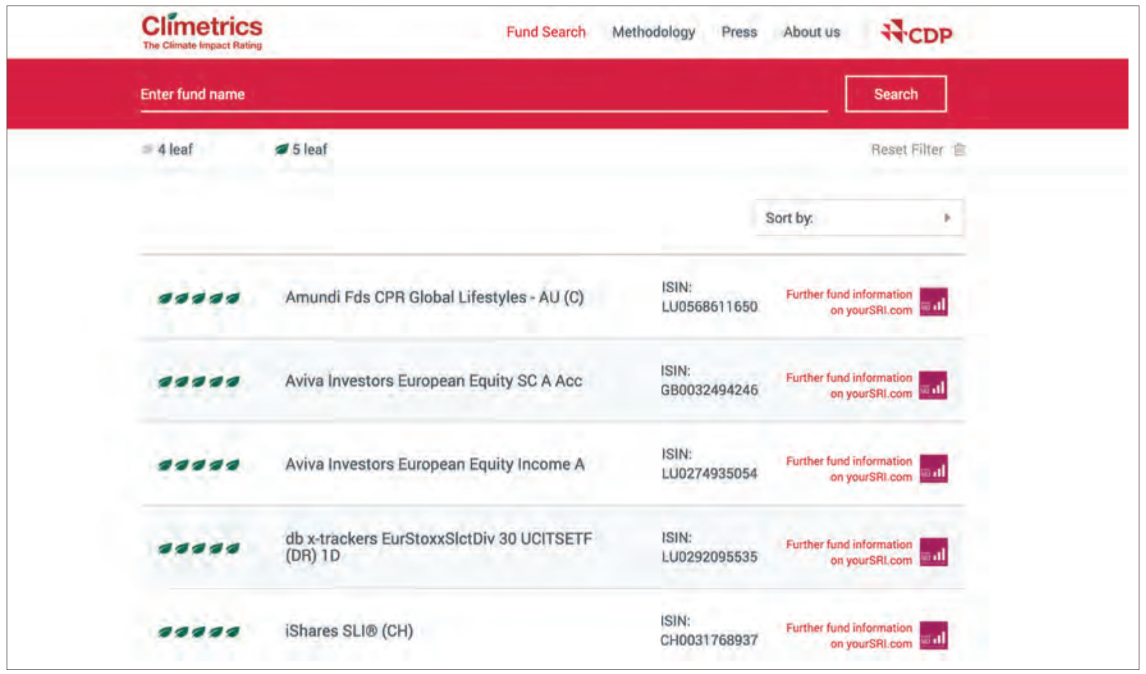
Climetrics launched: CDP's award-winning new finance tool now available to all fund investors

More than 2,800 equity funds covered, representing about €2 trillion in fund investments.

Climetrics is a missing link between individual investment choices and the global problem of climate change, and will move the needle in incentivising both investors and companies to contribute to the low-carbon transition.

Paul Dickinson,
CDP

CDP and ISS-Ethix Climate Solutions launched the world's first climate rating for equity funds in July 2017 – top rating results available online.



Adding a new level of transparency to the fund industry, Climetrics aims to turn the equity fund market – worth more than €3 trillion in Europe – into a significant lever for mitigating climate change and transitioning to a low carbon economy.

Climetrics is the world's first independent and publicly available tool that rates equity funds for their climate impact.

Symbolized by green leaves issued on a scale of 1 to 5, the rating enables investors to easily assess and compare the climate impact of their fund investments, encouraging the growth in climate-responsible fund products.

While Climetrics has a unique and exclusive focus on the climate impact of funds, the rating goes far beyond a standard carbon footprint, also scoring funds on forward-looking indicators. The combination of these indicators into a robust and transparent methodology (3 layers of analysis: asset manager, fund and holdings) is unique in the market.

Top-rated funds can be found for free on **www.climetrics-rating.org**, with a detailed breakdown of a fund's rating available on a paid factsheet. Commercial use of the rating by funds is licensed, allowing asset managers and banks to promote the sale of funds which outrank peers on climate-related impact.

At present, Climetrics covers approximately 2,800 equity funds and ETFs, representing about €2 trillion in fund investments and more than 55% of the total assets invested in equity funds for sale in Europe.

To-date no other rating system allows investors to compare climate-related impacts of thousands of funds on a publicly available platform.

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