

Carbon Disclosure Project

The Case for City Disclosure



Report Written for
Carbon Disclosure Project by:

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Introduction

The Carbon Disclosure Project (CDP) is an independent, not-for-profit organization that holds the largest database of primary corporate climate change information in the world, gathered on behalf of institutional investors and major purchasing organizations in the public and private sectors. CDP's mission is to accelerate solutions to climate change by putting relevant information at the heart of business, policy and investment decisions.

Since its founding in 2000, CDP has established itself as the de facto global carbon reporting platform for the world's companies. In 2010, some 3,000 corporations reported climate change-related information to CDP, including more than 400 of the largest 500 companies in the world.¹ Data collected by CDP is available to the public and has become part of everyday decision making for countless investors, corporations and governments.

In 2008, several city governments approached CDP about the possibility of disclosing their climate change-related emissions alongside the world's corporations. In response, CDP ran a small pilot program with 18 cities in the United States. The results of the pilot program demonstrated that cities – like corporations – can benefit from a common reporting platform. Since the end of the pilot program in 2009, CDP has been developing this platform to deploy globally.



CDP now requests climate change data from city governments around the world. This program is designed to assist cities in understanding the risks and opportunities they face from climate change and to provide data in a systematic way to their stakeholders. CDP's disclosure platform allows participating cities to benchmark themselves against similar cities and analytical tools to aid in greenhouse gas measurement and management.

This report, prepared by Accenture, summarizes the reasons why cities should disclose climate change-related information. The report highlights the numerous benefits that can accrue for cities that participate in CDP's program, and details some of the ways in which common disclosure from local governments can lead to safer, more prosperous cities.

“The work of the Carbon Disclosure Project is crucial to the success of global green business in the 21st century.”

Ban Ki-Moon, UN Secretary-General, September 2009

Executive Summary

Cities are at the forefront of our global response to climate change. Cities consume approximately 60–80% of the world’s energy production.² Experts differ in their analysis of the overall contribution of cities to greenhouse gas emissions but estimates show urban areas could be responsible for up to 80% of total emissions.³ It is not unusual for the largest cities to produce emissions that exceed those of medium-sized countries.

Cities are also likely to be extremely vulnerable to the impacts of climate change. The high population density and fixed nature of urban infrastructure makes cities susceptible to the negative impacts of extreme weather events and rising global sea levels. Cities are also prone to the slower-acting, detrimental effects of climate change, including damage to agriculture, fishing, and tourism. In addition, the inhabitants of some cities have an increased likelihood of climate change-related health issues, such as heat exhaustion and increased incidence of tropical disease provoked by rising temperatures.

At the same time, cities are well-placed to act quickly and effectively to combat climate change and its effects. According to the World Bank, “Cities have the unique ability to respond to a global issue like climate change at a local, more visceral level, and cities usually offer more immediate and effective communication between the public and decision makers. Co-benefits of climate change mitigation and adaptation schemes are largest in cities”.⁴ Local governments can act as leaders of change: creating a sense of

urgency which can be focused for rapid and wide-spread action, proactively managing climate change related risks of climate change, meeting carbon targets, and capitalizing on low carbon economy benefits.

There is gathering motivation and intent to reduce emissions, evident in the emergence of programs that support cities to drive forward sustainability strategies, such as the US Mayor’s Climate Protection Agreement and the EU’s Covenant of Mayors (more than 1,500 local governments are currently involved with this program⁵). However, city officials often lack the data required to understand both their key sources of emissions and the impact of their low-carbon initiatives. Identifying the major risks and opportunities of climate change can also be challenging for many cities.

A common disclosure platform can provide the tool for such data collection. This data can aid cities, as well as inform critical stakeholders such as residents and the businesses located within a city. This paper outlines the case for city disclosure and demonstrates how climate change reporting can become an essential component to enable cities to:

- Drive economic competitiveness through the realization of operational efficiencies and the attraction of investment and innovation;
- Improve climate change risk management;
- Demonstrate the value of cities’ sustainability strategies to society.

“The City of New York joins the world’s leading corporations in providing a complete, accurate accounting of its carbon emissions, the strategies it is employing to mitigate those emissions, and the results of its efforts through the Carbon Disclosure Project. This partnership between the world’s major corporations and, increasingly, its cities, highlights the importance of the cooperative action needed to successfully counter climate change.”

Michael Bloomberg,
Mayor,
New York, New York
CDP Cities Pilot 2008

1

City Context

Cities occupy just 2% of the world's land surface⁶ yet they house more than 50% of the world's population.⁷ They are political and economic centers that consume a vast amount of resources (some 75% of the world's resources, while producing equivalent amounts of waste⁸). When it comes to climate change, experts differ in their analysis of the overall contribution of cities to greenhouse gas emissions. Some estimate that urban areas are responsible for less than half of total emissions, while others claim the share is much higher, up to 80%.⁹ What is clear is that as major consumers of energy and centers of economic activity, cities face a major challenge in transitioning to low-carbon economies.

Cities also face significant risks as a result of climate change. A recent study revealed that across 180 countries, 634 million people are living in low lying coastal areas – defined as less than 10 meters above sea level – which are especially vulnerable to risks resulting from climate change. Approximately 70% of the countries at risk have urban areas of more than 5 million people situated within these low lying coastal areas including Tokyo; New York; Mumbai, India; Shanghai, China; Jakarta, Indonesia; and Dhaka, Bangladesh.¹⁰ In developing nations – where urbanization continues at an incredible pace – some of the poorest people will likely be put at great risk due to fluctuating weather patterns and rising sea levels.

Cities are responsible for the vast majority of global economic output – thirty-four of the world's largest 100 economies are cities; in comparison, just 13 corporations are on this list of largest economies.¹¹ They are concentrations of productivity, wealth, knowledge, and decision-making power. Many cities have the capabilities to evolve quickly: they can capitalize upon their strong capacity for innovation and benefit from closer communications between citizens and decision-makers. As contributors to climate change solutions, cities have the potential to be models of environmental efficiency, delivering services to increasing urban populations while using correspondingly fewer resources and becoming part of the solution to addressing climate change.

Local governments have proven to be excellent laboratories for implementing emissions reduction policies and programs through their early action and leadership.¹² Take, for example, the more than 1,000 cities around the world that participate in ICLEI (Local Governments for Sustainability) programs.ⁱ

However, each city is unique in nature – in its politics, economics, geography and culture – and this differentiation can sometimes complicate cities' efforts in attempting to measure and manage greenhouse gas emissions and climate risks. Take, for example, the greenhouse gas emissions inventories of three major cities: Chicago, London, and New York. Each city uses a different approach to measure its greenhouse gas emissions,ⁱⁱ applying a methodology that best reflects the city's circumstances. This makes it difficult to compare relative performance and identify best practice. Work by ICLEI, the World Resources Institute, and, more recently, the World Bank and United Nations Environment Program, has gone some way to providing common metrics for cities. Yet significant challenges to standardization remain – for greenhouse gas emissions as well as other climate change-related metrics. As the climate continues to change, these measures of a city's performance will take on an increasingly important role.



1.1 The CDP Cities Pilot

In 2008 CDP partnered with ICLEI-USA to run a cities pilot program. The program sought to test the value of disclosure to cities in understanding the impacts, risks, and opportunities posed by climate change.

The pilot program focused on four key elements:

- Collection of information on city greenhouse gas emissions;
- Identification of risks and opportunities of climate change;
- Description of city governance and accountability;
- Performance of any sustainability strategies a city may have put in place.

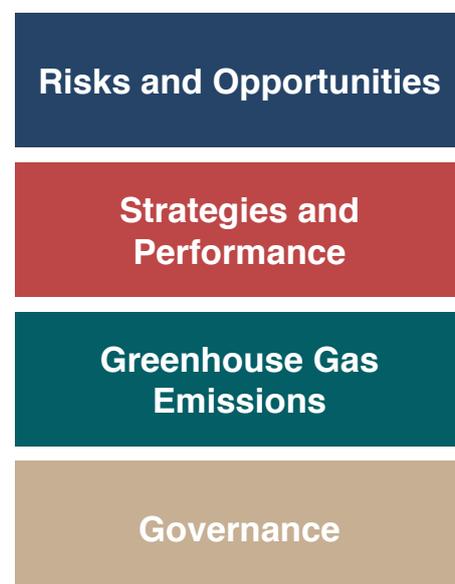
Eighteen cities in the United States participated, with 16 providing information in line with the Greenhouse Gas Protocolⁱⁱⁱ categories of Scope 1 emissions (direct emissions) and Scope 2 emissions (those associated with electricity generation). The aggregated Scope 1 and Scope 2 emissions for the 18 responding cities reporting their local government operations emissions came to 6.5 million metric tonnes CO₂e. This amount is roughly equivalent to the emissions for a major multinational telecommunications company.¹³

Significantly, the results of the CDP Cities pilot program highlighted the increasing need for cities to understand their carbon emissions at a more detailed level in order to maintain awareness and remain adaptive to climate change.

The pilot program also highlighted the fact that cities' responses to climate change go well beyond carbon inventories. Cities are using climate change action plans as a means to overhaul ageing infrastructure, engage and educate their residents, generate new jobs and businesses, and implement broad, far-reaching sustainability agendas.

Notably, the results of the CDP Cities pilot also suggested that while cities were well placed to begin addressing the challenges of climate change, in most cases, action was at an early stage. The opportunities ahead to reduce emissions and generate economic growth are therefore considerable.¹⁴

Fig. 1: The four key aspects of the CDP Cities information request



“The Fairfield Sustainability Plan aims to develop sustainability education programs, to create local employment in new green industries, to attract green businesses, to establish Fairfield as a center of sustainable technologies, and to create Fairfield as a model sustainable community. These goals will create a knowledgeable populace, local jobs, and local wealth, as well as much recognition and respect for the community. This will attract visitors and creative young job and knowledge seekers. All of the above factors contribute to a stronger local economy. Other measures in the plan will make Fairfield a much more pleasant place to live.”

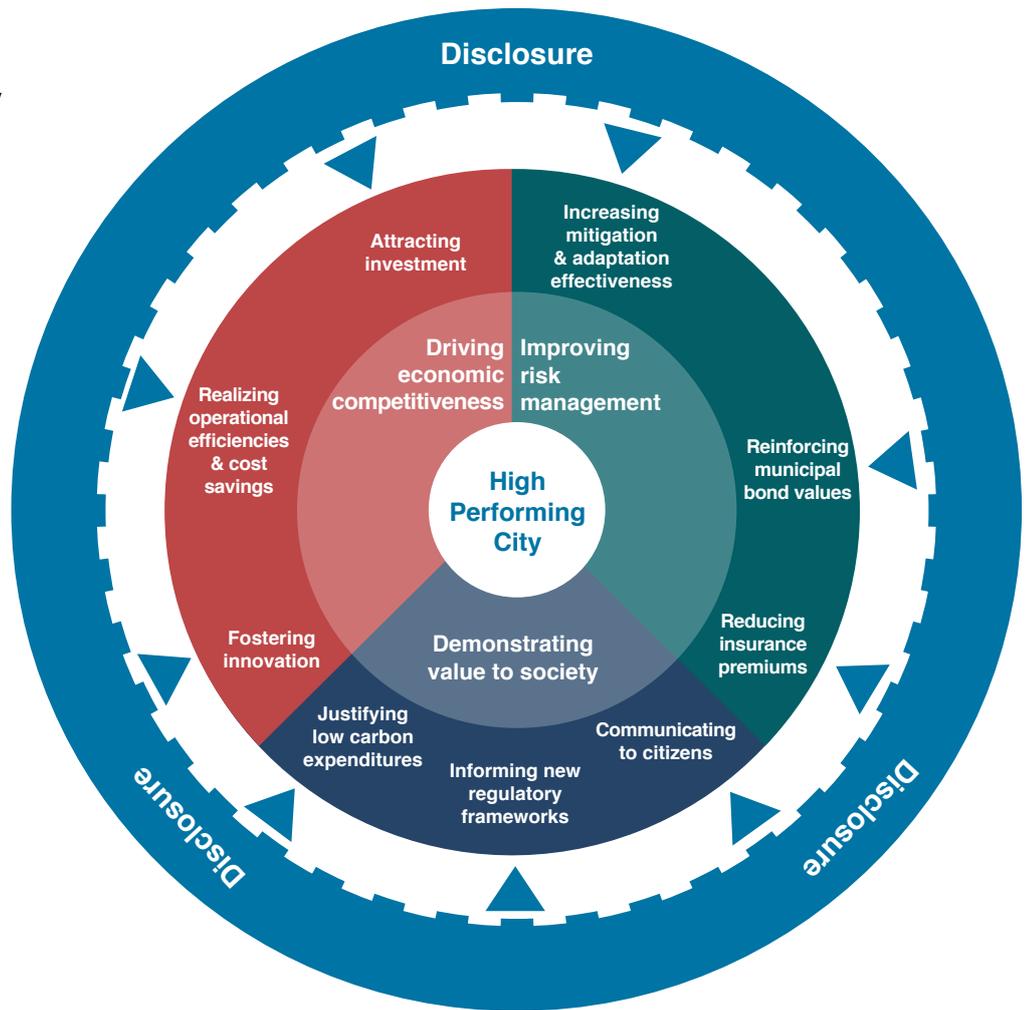
Fairfield, Iowa
CDP Cities Pilot 2008

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The Case for City Disclosure

Cities have three key reasons for disclosing their climate change-related data. Disclosure can act as a tool to: help cities improve their economic competitiveness; respond effectively to climate change-related risks; and enable them to meaningfully communicate their climate change strategy and the corresponding value to stakeholders. As a result, a city that discloses takes proactive steps to becoming a high-performing city.

Fig. 2: The case for city disclosure



2.1 Driving Economic Competitiveness

A city's economic competitiveness is driven by its ability to reduce unnecessary cost, realize increases in investment, and foster innovation. Many companies have found the CDP process supportive in making their operations more efficient and in securing and maintaining outside investment. Similarly, by participating in the CDP process, cities may also be able to identify operational efficiencies and attract more investment.

2.1.1 Increasing Operational Effectiveness and Cost Savings

CDP has more than 10 years of experience on advising and facilitating corporate carbon reporting and has demonstrated that disclosure empowers organizations to become more efficient and derive savings as a result. For example, EMC – an IT software and services company – has used the CDP reporting process to track strategy development through its annual responses and to conduct trend analysis, driving further efficiencies and reductions.¹⁵

In the context of rising energy bills, emerging carbon taxation, and impending cuts to public expenditure, the ability to realize measurable operational efficiencies and cost savings is increasingly important. High-performing cities will be able to drive their sustainability agendas while simultaneously being able to effectively manage their expenditure, offering efficient, value-added municipal services to their citizens.

To achieve efficiencies, municipalities need to have a solid grasp of the origins of their operating costs, so they can put in place mitigation plans to save both money and carbon. In London, for example, underground stations are implementing a range of energy saving initiatives, including switching off escalators during off-peak hours and turning off unnecessary lighting during daylight and engineering hours. These carbon cutting measures should help save an estimated £70,000 and over 500 tons of CO₂ per year.¹⁶

2.1.2 Attracting Investment

Making cities attractive places to live, work, study, and locate businesses – for large corporations as well as small and medium-sized enterprises – brings valuable tax receipts and regional development opportunities. Increasingly, demonstrating action on climate change issues is becoming a key selling point for cities looking to attract investment.

Approximately US\$460 billion is now being channelled through green fiscal stimulus monies¹⁸ and additional money is being made available through the recent introduction of climate change “adaptation funds”. For example, the UN Adaptation Fund has been established to finance adaptation projects in developing countries that are parties to the Kyoto Protocol – the total available resource is estimated at US\$250–350 million by 2012.¹⁹ Within the EU, the European Commission has adapted or created a series of specific financial mechanisms to help local authorities fulfil their sustainability commitments to the Covenant of Mayors.²⁰ The World Bank is also investing heavily in climate change adaptation and mitigation projects.²¹

“We have used CDP as the main tool to drive carbon reporting right across our organization. It has been really fantastic for us. We’ve discovered cost savings, and we have probably saved £10 million in various ways.”

Andy Green,
CEO, Logica

“The City of Washougal recognizes that progressive climate change policy will provide a framework for improved resource management, regionalized and sustainable economic development, and a higher quality of life for Washougal’s citizens. The shift to a low-carbon economy represents an unprecedented opportunity to solve one of the greatest environmental challenges of our generation by creating more domestic, sustainable energy sources and in turn creating jobs, and stimulating a slowed economy.”¹⁷

Washougal, Washington
CDP Cities Pilot 2008



“Yokohama city has committed to a 30% reduction in greenhouse gas emissions per citizen by 2025. One of the city’s aims is to promote “low carbon urban planning” through the fostering of environment and clean energy industries that contribute to economic growth.”²²

Yokohama, Japan

Table 1: How disclosure can help drive investment within cities

Levers for driving investment Making the city a great place to...	Benefits of disclosure
Invest	<ul style="list-style-type: none"> • Increase likelihood of attracting funds – Global investment funds (e.g., the World Bank) are more likely to award funding to those cities that can show positive sustainability motives. • Better ability to show return on investment – Disclosure will enable cities to articulate return on investment for sustainability-related investments through better quality data.
Work	<ul style="list-style-type: none"> • Show the city’s competence to adapt – Cities can be transparent about the action they are taking to proactively mitigate risks and adapt to climate change. • Support businesses and investors within the city to understand their risks – Businesses can more effectively assess a city’s risk to climate change events and more readily assess their exposure to new regulations such as carbon taxation. • Help businesses to diversify – Disclosure helps cities to recognize the new business opportunities offered by the clean tech sector.
Study	<ul style="list-style-type: none"> • Demonstrate a progressive attitude – Universities and students are attracted to progressive cities that can articulate their climate change strategy and their dynamism in responding to modern-day issues. • Support educational facilities to meet their carbon obligations – Reporting can help institutions to achieve their carbon goals as public entities. • Drive innovation – Disclosure and sustainability action plans can drive R&D efforts and innovation in clean tech and sustainable urbanization.
Visit	<ul style="list-style-type: none"> • Marketing tool – Cities promoting sustainable initiatives can use disclosure as a major marketing and branding asset to draw the increasing numbers of environmentally conscious tourists. • Sustainable attractions – Disclosure and, in turn, sustainability action plans, can provide new opportunities for sustainable “edutainment” (e.g., bike hire schemes).

“In June 2010, the Mayor of London announced the creation of London’s Green Business District. The London Development Agency estimates that a low-carbon marketplace could generate between £40 billion and £140 billion of investment in London and create a workforce of 200,000 by 2025. The District covers an area of 48km² and will support London’s goal of becoming a global leader on the development of green enterprise, promoting the city as a place for eco-enterprises to do business.”

Greater London Authority, UK²³

2.1.3 Fostering Innovation

The world’s 40 largest mega-regions^{iv} produce two-thirds of global economic output and nearly 9 in 10 new patented innovations.²⁴ Investment and innovation go hand-in-hand. Cities have the opportunity to capitalize on their position as both centers of intense economic activity and knowledge capital to become the driving force behind the development of a low-carbon economy. Those cities that innovate in response to climate change will also grow their positions on the global stage.

Knowledge-based economies tend to better maintain socio-economic sustainability; they attract high-technology industries, create new jobs, and develop a highly skilled labor pool. Those cities that use their reporting and climate change strategy implementations as an opportunity to put in place local clean-tech business incentives and infrastructure can enable new sector growth and proactively open up avenues for sustainable economic growth. Disclosure will bring those cities that are leading in “green” innovation to the attention of investors, offering them the opportunity to base themselves at the heart of this innovation.

“The Lahti Cleantech cluster in Finland encouraged innovation and development of environmental technologies by bringing together small and large enterprises, educational organizations, and regional authorities. As a result, 170 new jobs have been created, 20 new clean-tech companies have set up in the Lahti region, and the project has attracted more than €30 million in total investment.”

OECD Report, *Competitive Cities and Climate Change*.²⁵

2.2 Managing Risks

The effects of climate change are already having an impact around the globe. Risks from climate change to cities may be physical in nature, including increased exposure to extreme weather events, fluctuating weather patterns, and sea level rise. There may also be the slower-acting detrimental effects on habitats with subsequent effects on agriculture, fishing, and tourism as well as the possibility of climate change-related health issues. These effects of climate change will be of particular concern for cities, due to the complex and fixed nature of urban infrastructure, especially those with a higher concentration of poorer residents²⁶ and a dependency on a less diversified industrial base. The level of risk exposure has an economic impact. A city with higher risks may face increases in insurance premiums and a higher cost of city government borrowing.

Climate change poses many physical risks that are specific to city environments, such as increasing the urban heat island effect. During the day the many paved surfaces and buildings in a city absorb the sun's energy becoming very hot. At night the paved surfaces and buildings begin to cool, releasing their heat into the city. For this reason urban areas are warmer than surrounding rural areas. London's heat island has increased from around ~2°C²⁷ 200 years ago to 4–6°C 40 years ago,²⁸ and has increased, on average, at a rate of 0.12°C per decade.²⁹

Additionally, the hard surfaces found within urban environments can increase the risk of flash flooding through increased surface run-off

that quickly overwhelms city drainage capacity. Transport, energy and water supplies, sewage and urban drainage systems are all likely to struggle to cope with heat waves, higher wind speeds, and increased rainfall. A recent study for the City of Chicago estimated the total cost impact of anticipated climate change on city departments and functions for the 2010–2099 period is \$2.54 billion under a “high-emissions scenario” and \$690 million under a “low-emissions scenario.”³⁰ Investment will be required to ensure that property occupiers are not affected by severe and costly disruptions to these essential services.

As a result of their inherent physical susceptibility, cities that proactively evaluate and manage these climate change risks will be well placed to succeed and remain competitive in attracting new industries, businesses, and citizens. A forward-thinking, urban adaptation strategy could:

- Reinforce the value of municipal bonds;
- Reduce insurance premiums;
- Increase investor confidence;
- Positively influence corporate real estate location decisions.

In order for cities to undertake effective risk management and adaptation strategies they need to first understand the sources of risk (including new environmental regulation) to which they are vulnerable.

Some of the participants in the CDP Cities pilot noted that they are already monitoring, and in some cases commissioning, analysis into the local effects of climate change on their cities. In Park City, Utah, where the local economy is nearly 100% dependent on the ski industry, one of the local ski

“The CDP’s Cities initiative will promote better risk transparency, increase our understanding of climate impacts in urban areas and support a best practise approach for tackling them. These measures are necessary to protect residents, their property, and the infrastructure that allows a city to function. Locations can already expect to suffer financial impacts of severe weather, equivalent to between 1–12% of their local GDP, annually. This situation will likely become exasperated in a more severe climate unless measures are taken to keep risks manageable.”

Mark Way,
SVP, Swiss Re



resorts conducted a scientific analysis of the impact of climate change on the local snowpack, which Park City officials reported to CDP in 2008. The results showed that in 2075, only the top quarter of the ski resorts may be skiable, which would have a huge impact on the local economy.³¹ In Las Vegas, Nevada, adequate water resources are relied upon to provide drinking water, support recreational activities, and enable hydroelectric power. One study that the City of Las Vegas reported to CDP suggests that unless water consumption is drastically reduced, Lake Mead will dry up by 2021 leaving between 12–36 million people without a secure water supply, destroying the \$1 billion annual tourism industry of the lake and ending the hydroelectric power generated by the Hoover Dam.³²

Disclosure can provide the visibility and transparency cities need to be able to create appropriate risk management measures as well as short- to long-term mitigation and adaptation strategies.

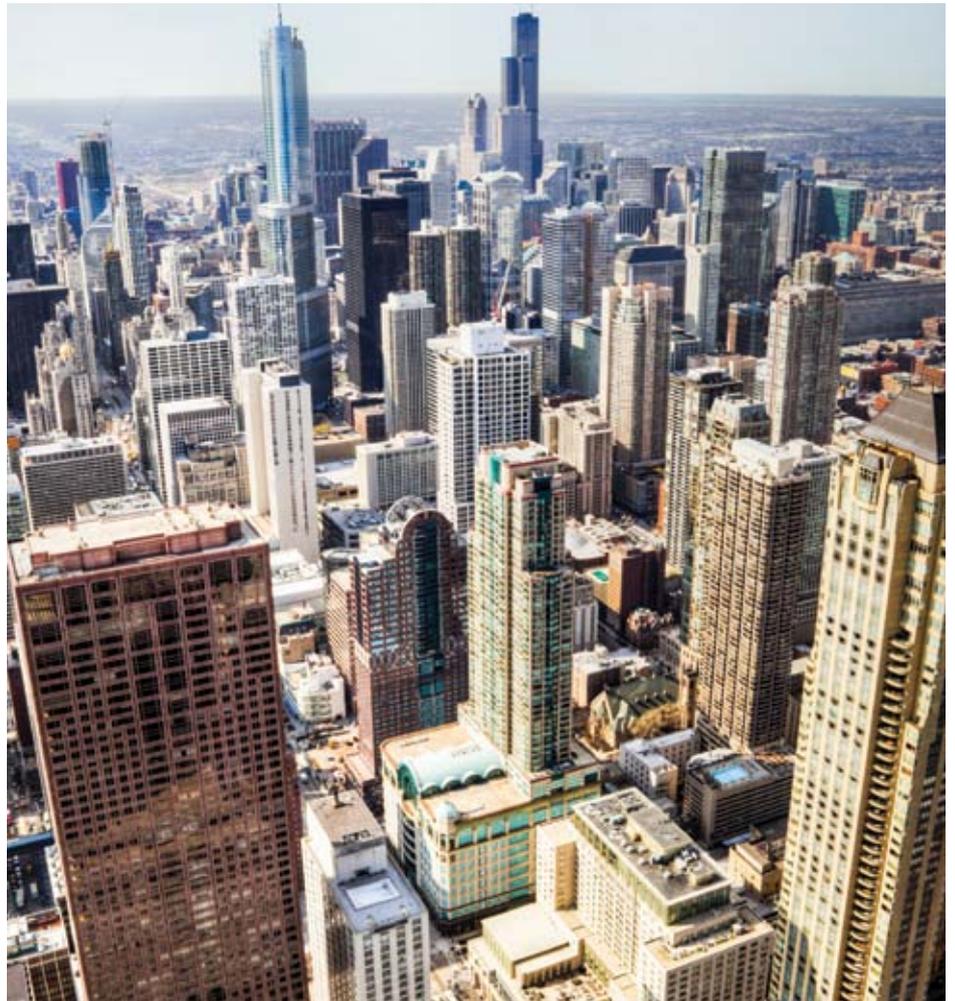
“Our research shows that adaptation by individuals and communities goes a long way in reducing climate change. Further, the disclosure of greenhouse gas emissions and current levels of adaptation is critical in helping us understand climate change risks.”

Richard Ward,
CEO, Lloyd’s

2.3 Demonstrating Value to Society

The public disclosure of data serves as an excellent tool to meaningfully communicate and engage stakeholders. It enables cities to be more transparent and show their awareness of city climate change and sustainability issues. This data is useful not only to local governments responding to “top-down” international and national policy, regulatory, and in some cases legislative changes, but also to citizens, many of whom are becoming increasingly environmentally aware.

Reporting can help citizens to quantify and benchmark their own carbon footprint and help them to understand how climate change impacts them – as homeowners, as users of municipal services, as taxpayers, and as citizens. This awareness could be key to helping drive behavioral change as people begin to appreciate how individual changes accrue to have a significant impact at the city level.



Innovation of publicly available data sets

There is a growing recognition of the significant value that bringing together disparate and historically privately-owned data can create. The analytical capabilities now exist in the marketplace to use public data in order to generate insightful information to help governments, policymakers, city officials, and citizens gain a better understanding of climate change issues and the best approaches to mitigation and adaptation. The city of Chicago is a good example of where insight was generated using data sets. The city mapped Chicago’s hottest spots and overlaid a map of phone calls regarding heat-related emergencies to assess the correlation between the urban heat island and heat stress-related issues to help inform its cooling and energy efficiency strategies.³³

It is also important that cities are able to demonstrate the value that they are delivering to society as a whole, through investments that are being made with public-sector funds and in public/private partnerships.

The benefits of city investments often manifest as a public good – something that society as a whole values – such as a reduction in carbon emissions or in particulate emissions. Using traditional investment appraisal methods, it can be very hard for local governments to justify investment in low-carbon projects (such as smart grid or district heating schemes). Costs may be concentrated with one or two infrastructure providers, while the benefits typically accrue to multiple parties.

“Las Vegas is participating in this project with the Carbon Disclosure Project to share information and resources in an attempt to educate the general public, policymakers, and anyone else interested in climate change.”

Las Vegas, Nevada,
CDP Cities Pilot 2008

By incorporating a broader set of factors in investment appraisals, decision makers in city administrations may be able to better justify investments with limited short-term financial benefits, but larger-scale, longer-term societal benefits. A handful of companies within the private sector, such as the U.S. energy provider Duke Energy, are leading the way in this approach. Duke Energy’s business case for a project implementing low-carbon technologies includes non-financial elements including improvements in the reliability of energy supply, carbon savings from lowered maintenance truck rolls, and the reduced need for electricity generation plants. Significantly, 40% of the business case for this project was influenced by its societal value.³⁴ In addition, by identifying and measuring the desired non-financial outcomes from infrastructure investments, policy makers and regulators can structure incentive mechanisms for the private sector that will attract capital investment with financial rewards for delivering those outcomes. In a world where public-sector funding is at a premium, this ability will be critical to delivering a low-carbon economy.

Disclosure can aid cities in building the value case for future “green” investments in a number of ways. Through disclosure and the monitoring of performance, regulators and governments will be able to develop economic frameworks that allow private-sector investors to make a sufficient rate of return for delivering societal benefits.

“In Park City, the city government has developed regulations that allow for a four percent increase in total building costs in order to implement green features into municipal facility new build and remodels.”

Park City, Utah,
CDP Cities Pilot 2008

3

CDP Cities Program – Why Disclose with CDP?

With more than a decade of reporting experience, CDP understands the complexities of reporting climate change data and has built the CDP Cities program to incorporate a range of distinctive features that are designed to benefit cities across the world in reporting their greenhouse gas emissions and climate change data to CDP. These features include:

- **Internationally recognized and credible brand** – CDP has more than 10 years of successful experience advising and facilitating corporate reporting globally and establishing itself as a world leader in carbon reporting. It has emerged as the premier global scorekeeper on carbon emissions, gathering the largest database of primary corporate climate change information globally.

“As our cities face the tremendous challenges of increased urbanization, aging and stressed infrastructure, and global climate change, they will also find opportunities for improvement. To create cities that support a better quality of life while minimizing the resulting impact on the environment, today’s designers need a clear picture of cities’ impact on and response to climate change. The CDP Cities project is a critical step that will help us shape our technology and culture for a more sustainable world tomorrow.”

Phillip G. Bernstein,
Architect, Autodesk

CDP Cities is also backed by an impressive group of multinational companies. Autodesk, a leading provider of 2D and 3D design and engineering software, serves as lead sponsor of the program and is providing guidance in the creation of the information request as well as software and promotional support. Microsoft, Accenture, SAP and Sun Life Financial are also supporting CDP Cities in a number of different areas.

- **Adaptive approach** – CDP adopts an adaptive approach to data standardization, which has been proven with corporate reporting. Under this approach, in the first year no single methodology is required by CDP to calculate greenhouse gas emissions. Cities will be encouraged to disclose to CDP independent of what methodology they have used. Over time, CDP expects that cities will coalesce around appropriate standards that emerge from the disclosure process itself (as has happened in the corporate world with the World Resources Institute/ World Business Council for Sustainable Development’s Greenhouse Gas Protocol). In response, CDP will at the appropriate time begin encouraging cities to measure greenhouse gas emissions using these derived standards.

- **Opportunity to shape the reporting agenda** – Reporting is a learning process and each city is unique. CDP acknowledges that the reporting process will evolve over time as it develops to address the needs of cities globally. In this way, cities can help shape the reporting agenda to help them better realize the benefits of the reporting process.
- **Appreciation of the city context** – Each city is different and faces distinct challenges in reducing GHG emissions. Cities should not be judged simply on a series of quantitative metrics, but on a complete picture of the unique situation of the city. CDP’s platform allows cities to report qualitative, contextualizing information in addition to quantitative metrics to ensure that stakeholders understand the whole picture.
- **Benchmarking and analytics** – CDP’s disclosure platform allows for dynamic benchmarking of cities based on their response to CDP. Analytical tools will enable cities to compare their responses and climate change actions against those of peer cities. Comparability – especially as regards to greenhouse gas emissions – will improve over time as CDP collects more data and as many cities coalesce around a single methodology.

Getting data to the heart of business and investment decisions:

CDP specializes in collecting information that is of material financial importance for business and governments. This data is made available to all stakeholders through the CDP website and a variety of other platforms for integration into business and investment decisions. Investors can access CDP data directly through their Bloomberg terminals and invest in indices such as the Markit CDLI and FTSE CDP Carbon Strategy Index that are benchmarked using CDP data.

For cities, CDP will follow a similar path, making data disclosed to CDP freely available to the global marketplace. The information that city governments disclose to CDP could help to drive business and investment decisions as corporate investors, insurers and small businesses become increasingly aware of the financial ramifications of climate change and adapt their businesses accordingly. High-quality climate change data from local governments may also enable more informed decisions in areas such as insurance premiums and where, when and how much to invest in new developments. It also drives innovative solutions to the problem of climate change.

CDP has the experience, recognition, and capabilities required to run a large-scale and ambitious city-reporting program such that it provides real benefit for all involved.

4

Practical Delivery – Addressing the Challenges

CDP understands that there are a number of budgetary, political, and time pressures on cities that make disclosure challenging. This section has been designed to address these issues head on and to begin answering some of the questions city officials may have. More information can be found on CDP's website at www.cdproject.net.

How straightforward is the disclosure process and how much time will I need?

Reporting to CDP is straightforward. The disclosure request will be issued to city officials in the form of a standardized online questionnaire. Once the data is compiled, it is a simple process to upload the answers into the online platform. CDP offers training and guidance to reporting participants to help them to complete the questionnaire. The CDP reporting tool does not require any research documents to be produced by the reporting city.

What if I already have a form of emissions reporting?

We do not want cities to duplicate effort, but want to help cities better use and make visible the data they are collecting. CDP's questions are unique and designed to deliver meaningful information, so we encourage cities to disclose even if they already have another form of emissions reporting. However, CDP's platform is designed to be protocol-neutral, so cities who have measured their emissions using a certain methodology can easily upload the data to CDP. CDP's experience with corporations over the past decade has demonstrated that disclosure will catalyze standardization.

What is the risk of making such information public?

There is already growing pressure from a number of stakeholders for organizations to disclose their climate change-related data. Some 3,000 companies in some 60 countries now disclose their climate change related data to CDP. The list of disclosing companies grows every year.³⁵ These organizations also have privacy and competition concerns. Yet all of these organizations have disclosed and many have benefited by having more informed investors and business strategies and a better and more visible corporate social responsibility program, while some have used the information gathered to reduce their carbon emissions and overall operating costs.

How can you compare cities' emissions data when each city is so different?

CDP recognizes that cities are unique and that the greenhouse gas emissions, for example, are a function of a wide range of influences, such as climate, weather, geography, size and wealth. Until these indicators are better understood comparisons on the basis of emissions data alone are limited. This is one reason why the CDP Cities information request asks for a mixture of qualitative and quantitative data.

How do I align people around this initiative?

Carbon disclosure will require the engagement of multiple stakeholders in order to collect and record the data required for the disclosure effort. To ensure alignment around the common goal of carbon disclosure, the initiative will likely need to be championed from the city leadership downward with disclosure potentially established as a key city target and thus a performance objective for city departments. The benefits of the disclosure process (both short and long term) should be effectively communicated to all participants and the process made easy and cost-effective to be involved in. CDP offers advice to all disclosing cities and the data is collected via an online tool that eliminates any extensive travel and reprographic costs. Additionally, by aligning the core stakeholders at this stage, it will make it easier when implementing further disclosure programs and driving city-wide sustainability strategies.



“Accenture is committed to measuring, reducing, and reporting on our environmental impact. A key part of our environmental transparency approach is to report our environmental strategy and performance to the Carbon Disclosure Project because it is the global platform we look to for carbon benchmarking.”

Accenture,
Corporate Social
Responsibility Team

CDP recognizes that climate change challenges and opportunities will be unique to each city and will vary with location, current reporting effort, and stage of development. The reporting process is deliberately adaptive, and will evolve over time as more cities join the project and as cities’ priorities and perspectives change.

Crucially, CDP believes that a standard global reporting platform for urban climate change-related data will put climate change information at the heart of business, policy and investment decisions and accelerate the transition to a low-carbon economy.

5

Conclusions – Key Takeaways for Stakeholders

We cannot act upon what we do not know. Through disclosure to the CDP Cities program, a number of stakeholders have the opportunity to realize benefits from the data collected. As the report concludes, these benefits are vast and varied but in total encapsulate the unique potential that cities have in preparing for the future and acting as global agents for change in combating climate change.

Table 2: How disclosure can benefit multiple stakeholders

Stakeholder	What does city disclosure mean for me?
Mayor and Chief Executive	An opportunity to put in place a transparent, global, reporting framework that builds alignment around key stakeholders. Also, an opportunity to develop an informed climate change strategy, decreasing carbon emissions and increasing operational efficiencies.
National and regional governments	A consistent mechanism to benchmark the performance of cities in addressing the challenges of climate change, monitor progress over time , and better understand the highest impact low-carbon initiatives.
Residents	An opportunity to be part of a proactive city that tackles modern issues and creates opportunities. An opportunity to understand the context of personal contributions and how they aggregate to deliver significant impact at the city level.
Corporations and large property owners	A unique opportunity to understand the risks, opportunities, and relative low-carbon performance of different city environments to inform decisions on where, when, and how much to invest.
Insurers	An opportunity to gain insight into the climate change risk profiles and relative adaptation strategies of geographic regions in order to make informed premium decisions.
Global financial institutions or Non-governmental organizations	A much-needed mechanism to understand how cities around the globe intend to tackle climate change and measure the relative levels of exposure. Also, a mechanism to help evaluate competing bids for development effort and to track the impact of monies awarded and completed projects.

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The relationship between Accenture and Carbon Disclosure Project

Accenture and CDP

Accenture is the Global Implementation Partner for CDP and has, with Microsoft and SAP, built a fully integrated global corporate emissions and climate change data platform. This is the only global climate change reporting system, and makes available primary information for use by institutional investors, businesses and the world's national regulatory systems, to drive GHG emission reductions and performance improvements.



About the Carbon Disclosure Project (CDP)

The Carbon Disclosure Project launched in 2000 to accelerate solutions to climate change by putting relevant information at the heart of business, policy and investment decisions. We further this mission by harnessing the collective power of corporations, investors and political leaders to accelerate unified action on climate change. 3,000 organizations in some 60 countries around the world now measure and disclose their greenhouse gas emissions and climate change strategies through CDP, in order that they can set reduction targets and make performance improvements. Data is made available for use by a wide audience including institutional investors, corporations, policymakers and their advisors, public sector organizations, government bodies, academics and the public. For more information please see: www.cdproject.net

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