

# ESG NEWSLETTER

July 2026 Edition



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# CDP: The world's largest environmental disclosure system

CDP (originally Carbon Disclosure Project) is a London-based non-profit that provides the world's largest environmental disclosure platform. It enables companies, cities, states, and regions to measure, disclose, and manage environmental data through annual questionnaires and scoring. Through its annual questionnaires, CDP collects self-reported environmental data, tracks progress on sustainability issues, and calculates scores for each disclosing entity. These scores provide a snapshot of an entity's environmental performance and incentivize the management of environmental impacts.

## Core modules (scored)



**Climate change:** Governance, Scope 1–3 emissions, risks/opportunities, targets, transition planning, verification, value-chain engagement



**Water security:** Withdrawal, discharge, consumption at facility level, river-basin risk, targets, governance



**Forests:** Deforestation risk across seven commodities (timber, palm oil, cattle, soy, cocoa, coffee, rubber)

## Additional modules (unscored)



Biodiversity (2022), Plastics (2023), Ocean (2026)



## Why CDP matters



**Investors:** Major ESG rating agencies (MSCI, S&P, ISS, Moody's) use CDP data, influencing capital allocation and proxy voting. Strong scores lower cost of capital; missing scores can disqualify companies from green financing.



**Customers:** Adani Green Energy, Infosys, Tata Motors, request CDP scores from suppliers. Poor/missing scores can disqualify supplier contracts.



**Regulators:** CDP aligns with TCFD, ISSB (IFRS S2), EU CSRD, India's BRSR Core, and UAE regulations. Filing CDP covers substantial disclosure requirements.

## 2026 deadlines

Deadlines	Action
January 31, 2026	Early registration (15% fee discount)
Mid-September (week of 14)	Scoring deadline submit to receive a score
Last october	Final deadline submissions accepted but NOT scored

**Non-negotiables:** No late submissions accepted. Third-party verification must be completed by September to count toward score.



## Scoring levels

Level	Meaning
A/A- (Leadership)	Best practice, validated targets, verification, value-chain engagement
B/B- (Management)	Processes and targets in place to manage environmental issues
C/C- (Awareness)	Company understands environmental impacts and risks
D/D- (Disclosure)	Environmental data formally disclosed

The minus band indicates that the company has met the threshold for that level but remains at the lower end of the scoring range within that band.

For example, moving from A- to A does not mean unlocking a new tier. It requires strengthening performance within the Leadership band, such as improving evidence quality, expanding indicator coverage, and demonstrating stronger implementation. Companies that don't respond are marked "Did not disclose."

## Full vs. SME questionnaire

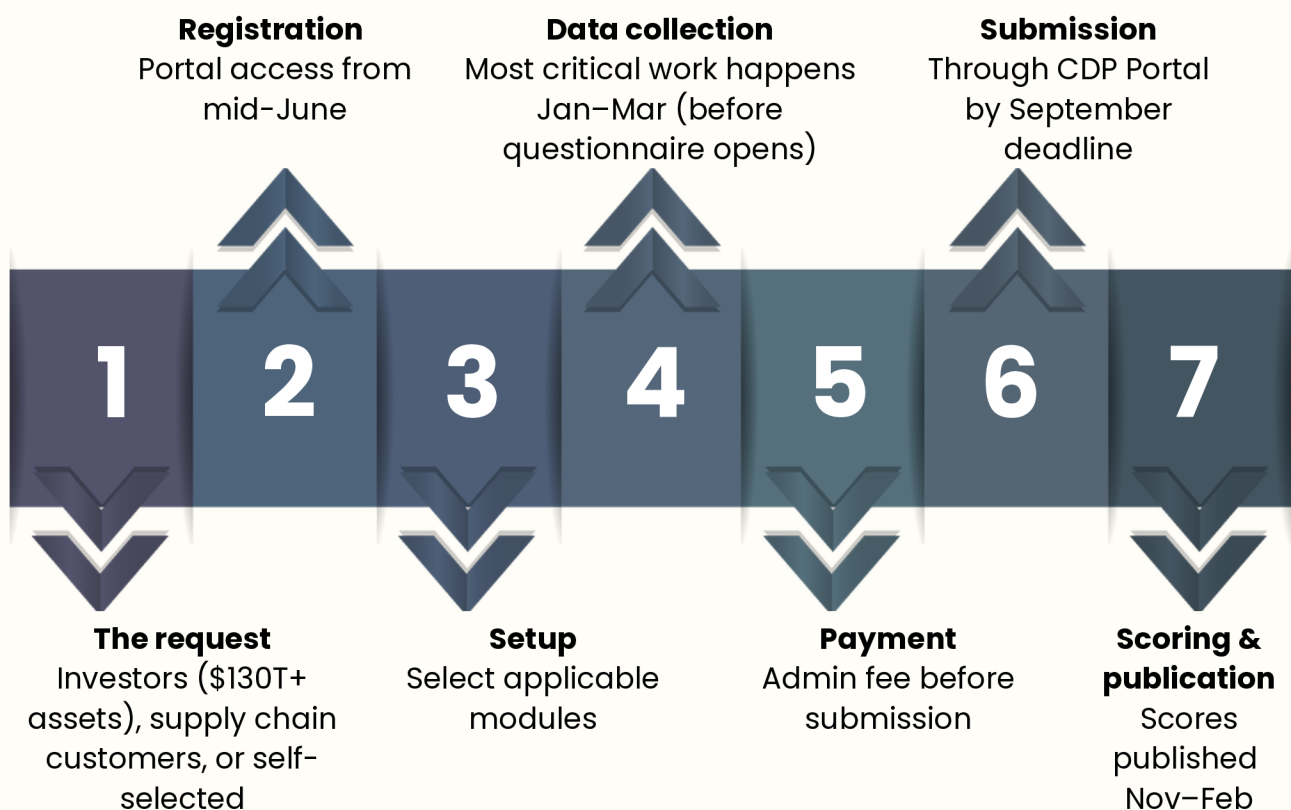
Features	Full questionnaire	SME questionnaire
Questions	~450 core (up to 5,500+ potential)	~65 simplified
Topics	Climate, Water, Forests (scored); Biodiversity, Plastics, Ocean (unscored)	Climate (scored); Forests & Water (unscored in 2026)
Scoring	A-D across all modules	A-D; SMEs eligible for "A" in climate from 2026
Eligibility	All companies	<1,000 employees & <\$250M revenue



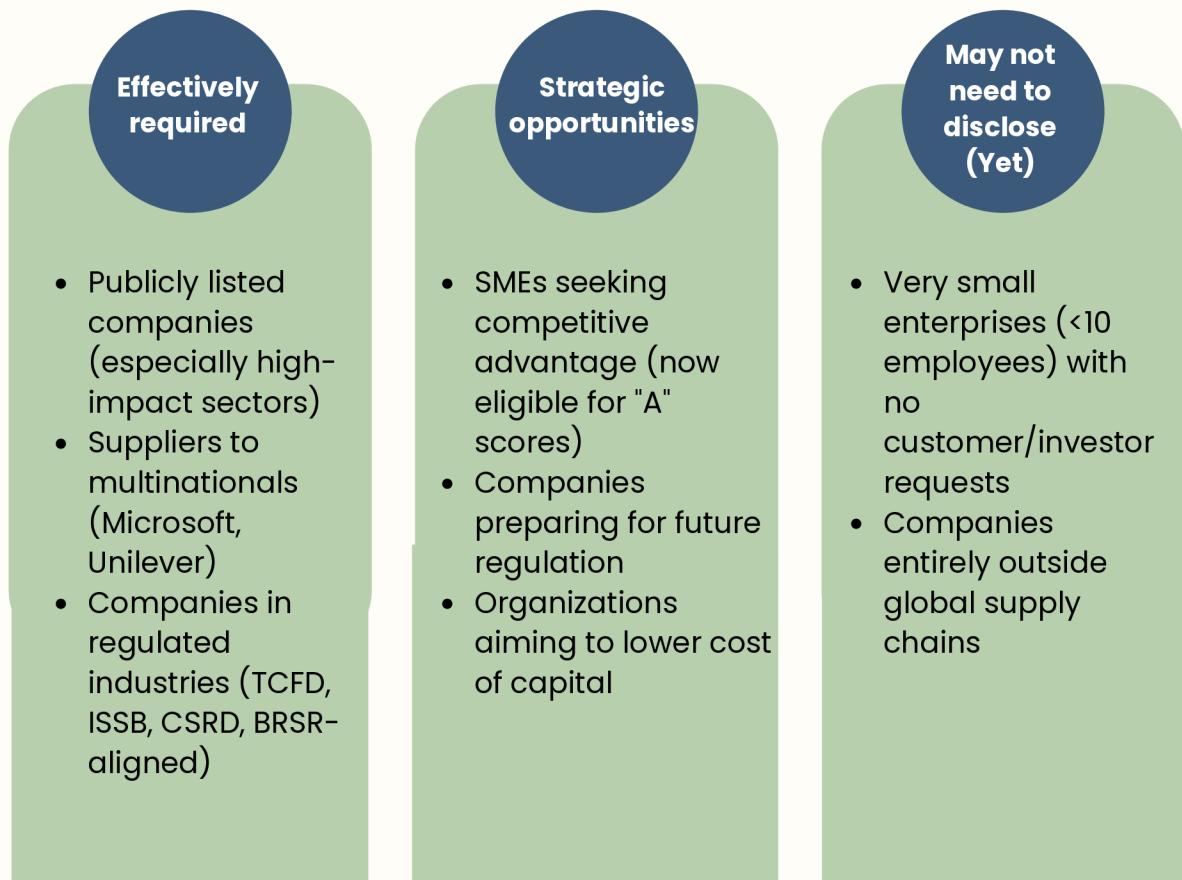
## Costs

- Admin fee (base climate disclosure):** All companies pay annual fee (cities/states/regions exempt). Tiers: Limited, Basic, Enhanced. ~5% increase for 2026; 15% discount if registered by Jan 31.
- Module add-ons:** Water Security (+40% base fee), Forests (+60%)
- Additional costs:** Third-party verification (required for Leadership), consultancy support, internal resource time.
- Fee waivers:** Companies requested by CDP Supply Chain members (customers) may have fees covered.

## Application process



## Who should disclose?



### Positive impact

CDP disclosure delivers tangible business advantages. Companies that engage proactively gain a competitive edge through lower capital costs, stronger investor confidence, and preferred supplier status with major global buyers. The process builds internal capabilities—robust data systems, risk awareness, and governance frameworks—that position organizations as climate leaders. Early adopters also stay ahead of regulatory curves, turning compliance into a strategic asset. Rather than an obligation, CDP is a powerful tool for resilience, reputation, and long-term value creation. Companies that embrace it strategically don't just report—they outperform.



## The new rules of scope 3: What the GHG protocol's first major overhaul means for business

For fourteen years, the GHG Protocol Scope 3 Standard has been the global benchmark for measuring value chain emissions—yet it has remained more aspiration than enforcement. Companies could choose which categories to report, exclude activities with minimal justification, and obscure data quality. The result? Inconsistent disclosures that made meaningful comparison nearly impossible.

### ***That era is ending.***

In March 2026, the GHG Protocol released its Phase 1 Progress Update—the first substantive overhaul since 2011. Developed by a 65-member Technical Working Group from over 20 countries, the proposed revisions address data quality, boundary setting, and investment classification. While the final standard is expected in late 2027, the direction is clear: Scope 3 reporting is moving from flexible disclosure to rigorous, verifiable, near-complete accounting.

### **The 95% rule: Closing the loopholes**

Currently, companies "shall account for all scope 3 emissions and disclose and justify exclusions"—but no threshold exists, allowing exclusion of entire categories based on qualitative judgments of "insignificance." The proposed revision changes this fundamentally: companies must report at least 95% of total required scope 3 emissions, with exclusions capped at 5% and every exclusion quantified and justified. Companies can no longer assert immateriality—they must prove it through quantitative assessment.

This 95% threshold aligns with SBTi requirements and CDP's approach. Companies can no longer exclude downstream transportation because it's "difficult to calculate" or purchased goods because "supplier data is limited." Systematic value chain mapping is now essential. A de minimis clause allows exclusion of emissions "reasonably expected to be insignificant" without quantification—but these still count toward the 5% cap.



## Data quality and transparency

If the 95% threshold addresses what must be reported, the data quality revisions address how—and the difference is transformative.

1

**Tiered disaggregation by data type:** Companies must disaggregate scope 3 emissions into tiers based on data type and calculation method. Emissions from specific activity data are reported separately from those derived from spend-based EEIO models or other proxies. Once spend-based estimates are visible in standardized format, reporting credibility becomes transparent—stakeholders see precisely which portions are robust and which are proxies.

2

**Verification disclosure:** Companies that verify scope 3 emissions must disclose whether their inventory is "Fully verified," "Partially verified," or "Not verified." This incentivizes investment in data quality and third-party assurance, aligning with SBTi's draft Net-Zero Standard V2.0 which requires limited assurance from independent auditors.

3

**Data quality improvement targets:** The revisions recommend companies set goals for minimum primary data proportion and year-on-year improvement targets. Scope 3 becomes a multi-year operational programme, not an annual exercise.

4

**Restrictions on corporate-level allocation:** Corporate-level data allocation is now restricted to homogeneous suppliers only. Companies could previously collect aggregated data from diversified suppliers and allocate portions to purchased products—often producing misleading estimates. This practice is now prohibited for non-homogeneous suppliers.



## **Category 15 and new category 16: Redefining investment and financial emissions**

### **Category 15: From optional to universal**

Currently treated largely as a financial-sector concern, Category 15 now applies to all companies with investment-related emissions. Any company with joint ventures, minority equity stakes, or strategic investments must account for associated emissions.

Expanded boundary: Investee scope 3 emissions

For financial institutions, the boundary now includes investee scope 3 emissions—previously optional. This is contingent on investees having credible scope 3 disclosures. As financial institutions demand this data, more companies across the value chain will improve their reporting.

### **Category 16: A home for facilitated emissions**

Category 16 captures "other value chain activities"—including facilitated emissions. These are emissions from third-party activities where the reporting company earns transactional income but never buys, sells, or owns the activity itself.

Think of brokers arranging fossil fuel shipments, booking agents facilitating travel, or platforms enabling transactions. Under the current standard, these companies had no mechanism to account for emissions they facilitate—despite profiting directly.

Category 16 changes this. While most subcategories are optional, companies with licensing, franchising, or platform-based models must assess whether these activities fall within their boundary. For oil and gas distributors, it's mandatory.

#### *Insurance and underwriting reclassification*

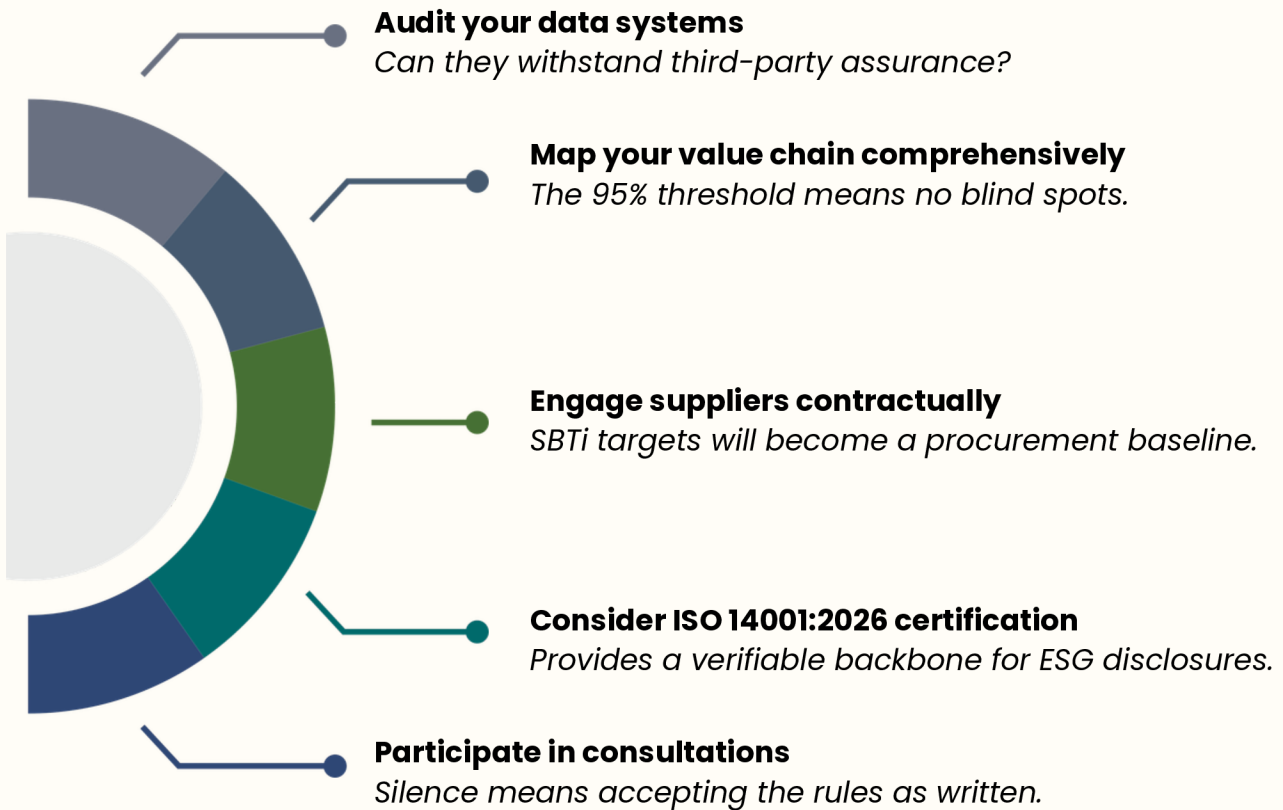
Insurance-associated activities and underwriting/issuance move from Category 15 to Category 16—they are "facilitated activities," not investments. Companies may report these on an optional basis.

This structural clarity ensures Category 15 strictly reflects financed emissions while Category 16 captures the broader universe of facilitated activities.



## What comes next

The public consultation draft is expected in mid-2026, with the final standard targeted for late 2027. Business leaders should act now:



The message is clear: the era of flexible, opaque climate reporting is ending. What comes next is accountability that matches the scale of the climate challenge.

### Positive impact

These revisions reward companies already investing in credible climate action while finally closing the credibility gap—tiered disclosure and verification requirements let stakeholders distinguish genuine leadership from greenwashing. Companies that act early on data quality and supplier engagement gain competitive advantage, while a level playing field emerges—one that rewards transparency, punishes delay, and gives investors, regulators, and customers a reliable way to identify real climate leaders.



# ISO 14060: The standard that turns net zero promises into verifiable action

**In a nutshell:** On 17 June 2026, ISO launched the public consultation for ISO 14060 – the world's first independently verifiable standard for net zero-aligned organisations. This moves corporate climate action from voluntary pledges to auditable, third-party verified performance.

	IWA 42 (2022)	ISO 14060 (2026 draft)
What it is	Guidance / guidelines	Full international standard
What it does	Tells you what a credible net zero pathway looks like	Tells you how to prove you are on that pathway
Verifiable?	No – it's advisory	Yes – designed for independent third-party audit

*IWA 42 is the instruction manual – ISO 14060 is the exam that checks whether you actually followed it.*

## What ISO 14060 requires from organisations

The standard provides a globally consistent framework for developing credible, verifiable net zero transition plans. It requires organisations to:

- **Adapt their business model**  
Align core strategy with the global transition to net zero.
- **Build supply chain resilience**  
Address disruption risks, market volatility, and evolving regulatory demands.
- **Prioritise energy security**  
Manage emissions reductions while ensuring stable energy access.
- **Integrate transition planning into overall business strategy**  
No more standalone “sustainability reports” that sit apart from core operations.

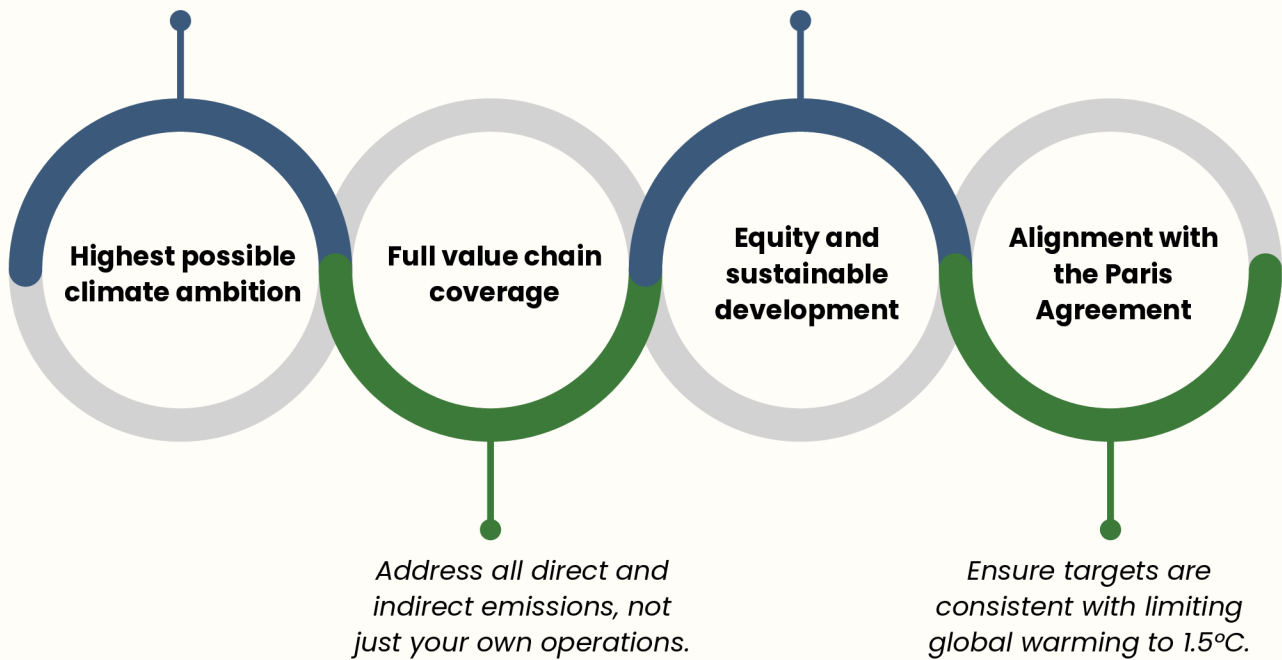


## The core principles inherited from IWA 42 (the “foundation”)

ISO 14060 builds directly on the principles first set out in the ISO Net Zero Guidelines (IWA 42:2022). These include:

*Aim for net zero greenhouse gas emissions as early as possible, well before 2050.*

*Consider different national and regional circumstances; don't impose one-size-fits-all solutions.*



## What organisations should do now

- **Participate in the public consultation:** open until early September 2026 through your country's National Standards Body. Your input matters – silence means accepting the rules as written.
- **Audit your transition plan:** do you have a verifiable, auditable plan? If not, start closing the gap now.
- **Align early:** organisations that start aligning with the draft during the consultation phase will be best positioned for certification when the final standard is published.
- **Integrate with existing frameworks:** ISO 14060 complements SBTi, GHG Protocol, and mandatory disclosure rules. One robust system can serve multiple purposes.

**The accountability era is here.** The question is no longer if you have a net zero target – it's whether you can prove you are meeting it. ISO 14060 gives you the global, verifiable framework to do exactly that.

## Positive impact

ISO 14060 delivers a single, globally recognised and auditable framework that benefits every stakeholder. For businesses, it provides a credible, verifiable badge of climate leadership that strengthens investor confidence, customer trust, and regulatory readiness. For the financial system, a harmonised standard reduces market fragmentation, lowers transaction costs, and channels capital toward genuinely transition-ready companies. It finally offers an independently verifiable benchmark that exposes greenwashing and demands evidence over ambition.



# DID YOU KNOW?

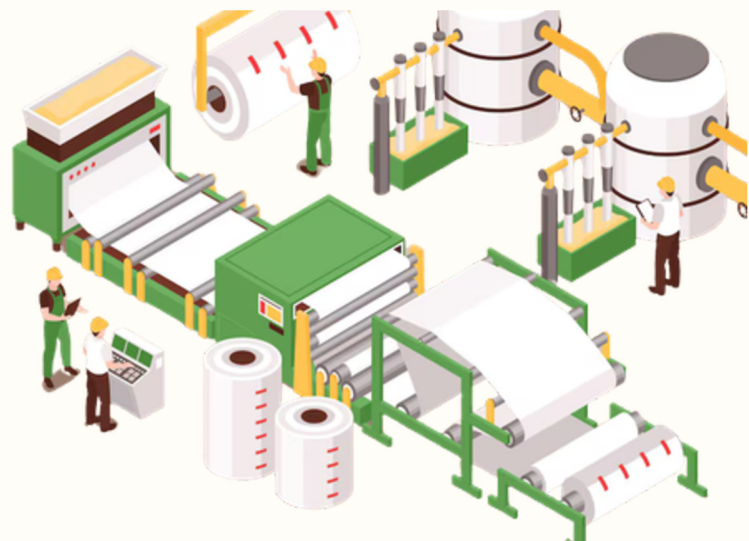
Paper began in **105 CE** when China's Cai Lun used tree bark, rags, and fishnets. Before that, a single report needed **3,000 bamboo strips**—two men to carry it. In Europe, parchment was so costly that **4 million+ sheep** were slaughtered for writing material over 700 years.

For 1,700 years, paper was handmade—until **1798**, when **Robert's machine** automated the continuous sheet, later perfected by the **Fourdrinier brothers** in 1803. Around then, mills ditched scarce rags for **wood pulp**, unlocking mass production.

Today's process? Chip wood into pulp, mix into a **99.5% water** slurry, spray onto moving screens, then press, heat, and polish. Modern machines crank out **60+ km of paper per hour**, feeding a **400-million-ton annual** global demand.

**Historically**, making one ton of paper required **300–500 cubic meters** of water in the 19th century. Today, the global average is down to **10–30 cubic meters**—a massive improvement.

So next time you pick up a sheet, remember: it carries a hidden water story—one that's finally getting drier, thanks to innovation.



## The ripple effect: Your actions matter

India's paper consumption is set to hit **30 million tonnes** by 2027. Each tonne costs **17 trees and 3.24 lakh litres of water**. Here's how you can make a difference—starting today:

-  **Switch to digital ledgers.** Ditch the book and Pen—use **online platforms** to manage records digitally without wasting paper.
-  **Enable paperless billing.** Opt for **e-statements** from your bank and utilities. Use **DigiLocker** for digital electricity bills. At stores, ask for **SMS or email receipts** instead of printed slips.
-  **Think before you print.** Set your printer to **double-sided** by default. Use **"draft"** mode for internal copies. Before printing, ask: *Does this really need to be on paper?*
-  **Buy recycled stationery.** Choose notebooks and paper from brands like, which has recycle paper.
-  **Don't throw—donate.** Give your old notebooks, printouts, and newspapers to organisations, which turn waste paper into notebooks for underprivileged children.
-  **Reuse scrap paper.** Keep a "scrap paper" tray at home or work. Use the blank side of old printouts for scribbling notes, to-do lists, or rough work.
-  **Recycle responsibly.** India already recycles **71% of its paper** from recycled fibre, but nearly half still ends up in landfills. Segregate dry waste from wet waste and drop off paper at your nearest **kabadiwala** or recycling centre.
-  **Spread the word.** Share these tips with friends, family, and colleagues. Small habits multiply into massive impact.

**One sheet saved = 10 litres of water saved.** Your choices matter.





## Connect with our experts



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