CDP Small and Medium Enterprises 2023 Questionnaire and Reporting Guidance

In 2023, companies disclosing through CDP's Private Markets' Program will be presented with the CDP Small and Medium Enterprises (SME) questionnaire. Please note that the underlying questions/metrics remain consistent with the Private Markets Questionnaire from 2021 and 2022. If you have questions, please contact us via our Help Center or email privatemarkets@cdp.net

Preparing your CDP response

This questionnaire is the property of CDP Worldwide, reproduction of all or part (including within software platforms) without permission of CDP Worldwide is prohibited. Please contact investor@cdp.net for more information on this.

CDP disclosure support materials

CDP provides a variety of support materials to help organizations disclosing to our questionnaires. Before completing the questionnaire, we strongly recommend you read this Reporting guidance.

Reporting guidance
The reporting guidance includes the following:

- Module-level guidance: provides an overview and important disclosure notes and question pathway diagrams showing the flow of questions through each module.
- Question-level guidance: at the question level, guidance is separated into the following components, to provide clarity around terminology and requirements.
  - Rationale: provides reasoning behind the inclusion of each question;
  - Connections to other frameworks: indicates connections to the Sustainable Development Goals (SDGs), RobecoSAM Corporate Sustainability Assessment (DJSI), and Task Force on Climate-related Financial Disclosures (TCFD);
  - Requested content: offers context for the information being requested ;
  - Explanation of terms: provides definitions for specific terminology;
  - Example responses: for select questions, this provides an example of a response that would include all information requested; and
  - Additional information: for select questions, this provides contextual information and sources related to the subject of the disclosure request.

If you have any queries not answered by the reporting guidance, please contact investor@cdp.net

Webinars and workshops

CDP hosts live webinars and workshops designed to aid you with environmental reporting.
Please visit the workshops and webinars page of CDP's website for more details.

CDP accredited solutions providers

CDP partners with leading environmental service providers that can support companies throughout all stages of the measurement, reporting and management of their climate and sustainability data and impacts. All CDP solutions providers have met specific accreditation criteria. See provider areas of expertise below, and visit the accredited solutions provider directory to search for the provider best able to support you:

- Carbon reduction solutions providers offer technology and services that can help your organization **reduce carbon emissions** and **improve energy efficiency**.
- Climate change consultancy solutions providers have a wide range of technical expertise to support companies with **establishing and implementing climate change and sustainability strategies**.
- Science-based target (SBT) solutions providers have expertise in helping companies to set and implement targets in line with what the latest climate science says is necessary.
- Education & training solutions providers **improve employee awareness and understanding** of how climate change affects their organization through carbon management training programs.
- Renewable energy solutions providers provide expertise in **procuring, tracking, and generating renewable power**.
- Software solutions providers simplify the collection, monitoring, and reporting of sustainability, CSR, and environmental data through integrated sustainability software applications.
- Verification solutions providers help organizations disclose accurate data and improve internal processes by providing **third-party verification and assurance of emissions data**, a practice recommended by CDP.

As well as visiting our accredited solutions provider webpage, you can also contact partnerships@cdp.net to find out more.

Important notes for completing your disclosure

Acronyms
Avoid using bespoke internal acronyms unless required for your organization’s response, in which case please provide their meaning to enable correct analysis.

Blank responses

Leaving a response blank is interpreted as non-disclosure. For numeric fields, values of zero (0) imply a measurement has been made, and the value is zero (0). For numeric fields where no measurement has been made, please leave the field blank and provide an explanation in an open text field for that same question.

Character limits

The character limits noted in the reporting guidance include spaces.

'Comment' columns

Some questions include a column labelled as 'Comment'. Note that providing information in these columns is optional.

Company-specific information

Some questions request company-specific information, rationales, case studies and/or examples. This level of detail gives data users confidence that the issue at hand has been thoroughly considered in the context of the responding organizations' own business and not simply assessed in general terms.

- Be sure to include company-specific detail, such as references to activities, programs, products, services, methodologies, or operating locations unique to your company's business or operations. A company-specific explanation should include details that make the answer true for the responding company and are distinct from other companies in the same industry and/or geography.
- Clear rationales are those which provide logical reasoning for methodologies, descriptions, decision, and actions.
- Case studies should be company-specific and should follow a "Situation-Task-Action-Result" (STAR) approach: 1) Situation: what was the context? 2) Task: what needed to be done/what was the problem to be solved? 3) Action: what action was taken? 4) Result: what was the final outcome?
- An example does not need to follow the STAR approach. It can be shorter than a case study but should include some company-specific detail.

Consistency

CDP encourages a comprehensive and consistent response. Please ensure there is no conflicting information in your responses, both within a question and across the questionnaire.

Data accuracy

CDP recognizes that there may be uncertainty linked to data – this can arise from data gaps, assumptions, metering/measurement constraints including equipment accuracy etc. CDP allows estimated data to be submitted. However, an emphasis is placed on reporting transparently and this means that a company should always provide an explanation when its reported data is not accurate and detail the uncertainty (use the 'Please explain' or 'Comment' columns provided in the question).

Drop-down options ('Other, please specify')

Please select from the options provided whenever possible, and only select "Other, please specify" when none of the listed options is appropriate. This greatly assists data analysis. If selecting 'Other, please specify', you must add a label that describes the option you are providing data for.

Mergers and acquisitions (M&As)

All disclosure should be defined by the organizational boundary applicable at the time of the stated reporting period. (Note that for CDP disclosure, organizations are encouraged to align their reporting period and organizational boundaries with their financial reporting).

Regarding forward-looking disclosure, organizations should include information that was correct at the time of the stated reporting period (for example, for data points referring to the future or "the next two years").

Personal data

It is important that you do not include the name of any individual or any other personal data in your response. For questions that ask for the positions of staff, out of respect for personal data privacy we are asking only for the position and not for the individual's name or any other information relating to them.

Providing feedback to CDP

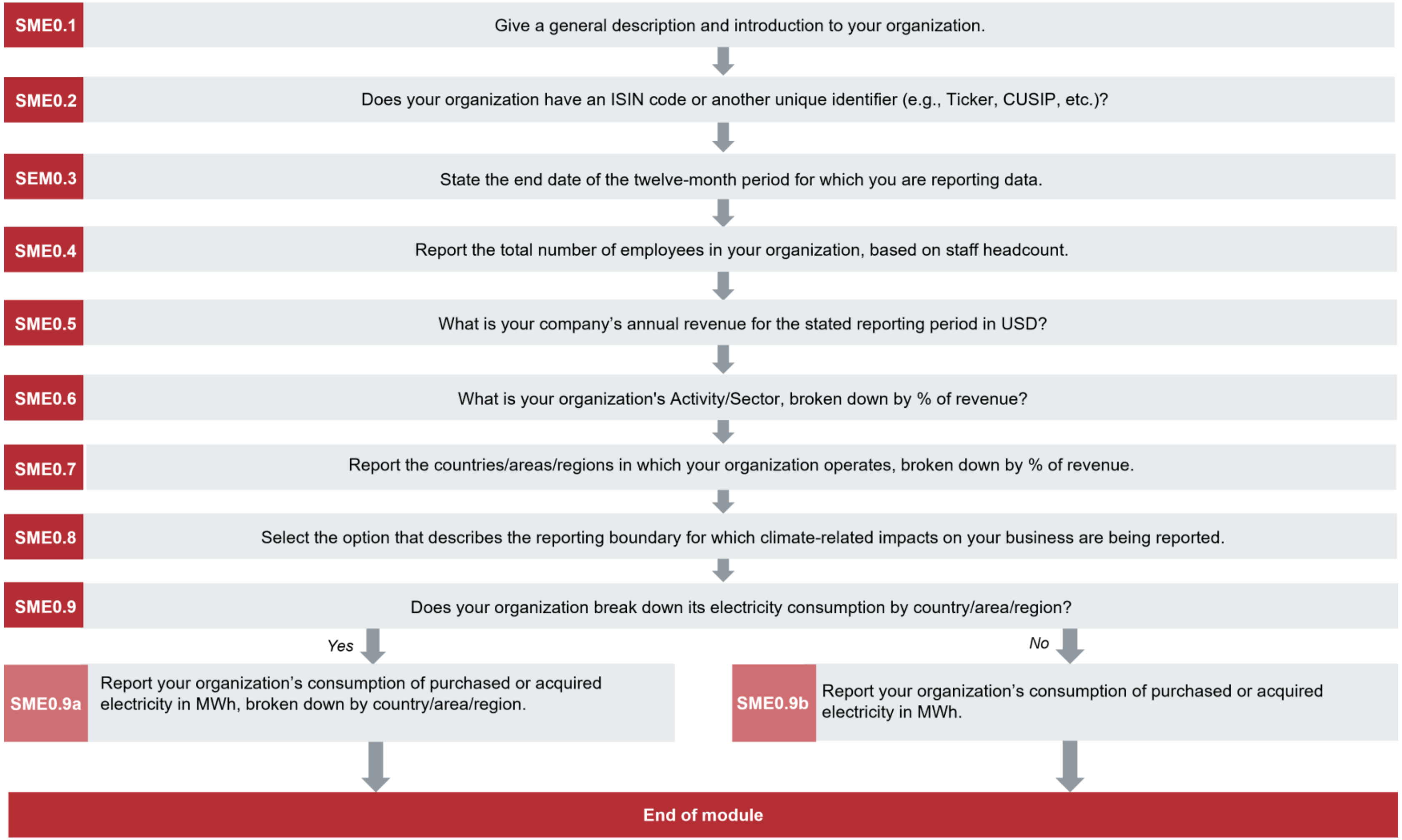
You can provide feedback to CDP on the content of this questionnaire and guidance through the CDP Help Centre.

SME0 Introduction

Module Overview

This module requests information about your organization's disclosure to CDP and will help data users to interpret your responses in the context of your business operations, timeframe and reporting boundary. The information provided here should apply consistently to your responses throughout the questionnaire and be complete and accurate as it may determine response options presented in subsequent modules. It will also be used for greenhouse gas (GHG) emissions modeling in the case that you are unable to report Scope 1 and 2 emissions. For this reason, you should respond to every question in this module before accessing the rest of the questionnaire.

Pathway diagram – questions



[SME0.1] Give a general description and introduction to your organization

Rationale

This will help data users interpret your responses.

Response options

This is an open text question with a limit of 5,000 characters.

Please note that when copying from another document into the disclosure platform, formatting is not retained.

Requested content

General

- Provide information about your operations to help data users understand your greenhouse gas (GHG) emissions inventory and corporate climate change strategy. Include information on your business divisions and your emissions-generating activities (e.g. extraction and/or processing/refining of natural resources, electricity generation, transportation, manufacturing etc.).
- This information helps data users understand your company's emissions profile and differences in emissions figures between peer companies.
- Note and explain any changes in your reporting year (SME0.3) from previous CDP disclosures (e.g. from reporting calendar year to financial year, or vice versa).

Explanation of terms

- **Organization**: Throughout this questionnaire, "your organization" refers collectively to all the companies, businesses, other entities or groups that fall within the definition of your reporting boundary. This term is used interchangeably with "your company", but CDP recognizes that some disclosing organizations may not consider themselves to be, or be formally classified, as "companies".

[SME0.2] Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Rationale

ISIN codes and other market identifiers are used globally in the identification of securities such as bonds, futures, and stocks. Providing your organization's unique identifier(s) will increase the transparency of your response.

Response options

Please complete the following table. You are able to add rows by using the "Add Row" button at the bottom of the table.

(*column/row appearance is dependent on selections in this or other questions)

Indicate whether you are able to provide a unique identifier for y our organization	Provide your unique identifier*
Select from: • Yes, an ISIN code • Yes, a CUSIP number • Yes, a Ticker symbol • Yes, a SEDOL code • Yes, another unique identifier, please specify • No	Text field [maximum 50 characters]

[Add row]

Requested content

General

- If your organization has multiple unique identifiers, add a row for each.

Provide your unique identifier (column 2)

- This column is only presented if one of the "Yes" options is selected in column 1.
- Ensure that you enter the correct format for your unique identifier. For example, ISIN codes include a two-letter country code, followed by a nine-character alphanumeric identifier and a single check digit.

Explanation of terms

- **ISIN:** International Securities Identification Number, a 12-character alphanumeric code used to identify a security, such as a stock or bond. It is structured with the first two letters referencing the country of origin of the issuer for the security, in accordance with ISO 3166. The second grouping consists of nine characters made up of digits and letters, which is the unique identifying code for the security. In the U.S. and Canada this is known as the CUSIP number (see below). The final digit is the check digit, which ensures the authenticity of the code.

- **CUSIP number:** Committee on Uniform Security Identification Procedures number, a 9-character alphanumeric code that identifies a security for the purposes of facilitating clearing and settlement of trades. CUSIPs are used to distinguish, among other reasons, between multiple share classes or bond tranches. CUSIPs are mostly used in the United States and Canada.
- **Ticker symbol:** A ticker symbol, also known as a stock symbol, is a unique series of letters assigned to a security for trading purposes. Ticker symbols are usually related to the organization's name, and additional letters denote additional characteristics such as share class or trading restrictions.
- **SEDOL code:** Stock Exchange Daily Official List code, a 7-character identification code consisting of two parts: a 6-character alphanumeric code and a trailing check digit. SEDOLs issued prior to January 26, 2004 were composed only of numbers. SEDOLs serve as the National Securities Identifying Number for all securities issued in the United Kingdom.

[SME0.3] State the end date of the twelve-month period for which you are reporting data.

Rationale

This will help data users interpret your responses.

Response options

Please complete the following table.

End date
To: [DD/MM/YYYY]

Requested content

General

- The start date will be automatically assumed to be exactly 365 days prior to the listed end date.
- Apply this reporting year to your answers for the entire questionnaire unless the ability is provided to specify other reporting periods.
- Please ensure that the reporting period represents only one full year that has already passed. Reporting periods should not be in the future. This information is important for others to understand the time dimension of your disclosure.
- The current reporting year is the most recent 12-month period for which data is reported.
- This reporting period applies to all answers except where other reporting periods can be disclosed. CDP does not require companies to align their reporting year with their fiscal year. However, when organizations report emissions intensity using a financial metric, both emissions and financial information provided should align with the reporting year reported here.
- Note that the investment community generally prefers a company's disclosure period to match the fiscal year for their financial jurisdiction. This facilitates the assessment of environmental performance data in alignment with financial performance data.
- CDP recommends that companies provide a year for which they have complete data if possible. However, if you do not have data for the entirety of your reporting year, you have the following options:

  - Extrapolate your data to cover the entire reporting year.
  - Outline in emissions questions the sources of Scope 1 and 2 emissions within your selected reporting boundary and not included in your disclosure.

[SME0.4] Report the total number of employees in your organization, based on staff headcount.

Rationale

To obtain data on company size which can be used to determine eligibility for conditional questions later in the questionnaire.

Response options

Please complete the following table.

Total Number of Employees
Numerical field [enter a number from 0-999,999,999,999,999]

Requested content

General

- Please include staff headcount at your organization for the reporting period stated above. Please do NOT use the number of full time employees (FTE).

[SME0.5] What is your company's annual revenue for the stated reporting period in USD?

Rationale

Annual revenue for the reporting period provides contextual information for requesting investors and will be used to model emissions if companies do not self-report emissions.

Response options

Please complete the following table:

Annual revenue
Numerical field [enter a number from 0-999,999,999,999,999 using a maximum of 2 decimal places]

Requested content

General

- Enter a numerical value for the revenue, this should be consistent with the reporting period disclosed in question SME0.3.
- Note: This figure must be provided in single units NOT in units of thousands or millions.
- Note: This figure must be provided in United States Dollars (USD).
- Enter the figure for "revenue" as would be declared in your financial statement (sometimes referred to a "turnover" or "sales"). Under the International Financial Reporting Standard this would be the inflow of income arising in the course of an entity's ordinary activities, with deductions made (such as for sales returns, allowances, and discounts). This figure is commonly used by investors to assess the income-generating ability of a business.

Explanations of Terms

Revenue: Income arising in the course of an entity's ordinary activities (less returns, allowances and discounts) - before deducting costs for the goods/services sold and operating expenses to arrive at profit (based on the International Financial Reporting Standard)

[SME0.6] What is your organization's Activity/Sector, broken down by % of revenue?

Rationale

This information is requested to determine relevant industry benchmarks, crucial to data users to assess your organization' response. Your industry classification will also determine eligibility for water security and deforestation management questions in this pilot questionnaire. Lastly, in case your organization is unable to report on emissions, industry classification is a critical input for modeling emissions.

Response options

Please complete the following table. You are able to add rows by using the "Add Row" button at the bottom of the table.

CDP Industry	Is this CDP Industry relevant to your organization?	CDP Activity Group	CDP Activity	% Revenue
Apparel	Select from: • Yes • No	[Activity/Sector drop-down list]	[Activity/Sector drop-down list]	% value [enter a number from 0-100 using a maximum of 2 decimal places]
Biotech, health care & pharma				
Food, beverage & agriculture				
Fossil Fuels				
Hospitality				
Infrastructure				

International bodies				
Manufacturing				
Materials				
Power generation				
Retail				
Services				
Transportation services				

General

- Depending on your selections in column 3 (CDP Activity Group), a customized dropdown list will appear for the column 4 (CDP Activity).
- A full list of each Industry, Activity Group and Activity can be found here.
- Total % revenue should sum to 100%.

[SME0.7] Report the countries/regions in which your organization operates, broken down by % of revenue.

Rationale

This will help data users interpret your responses.

Response options

Please complete the following table. You are able to add rows by using the “Add Row” button at the bottom of the table.

Country / Area / Region	% Total Revenue
Select from: [Country/area/region drop-down list]	% value [enter a number from 0-100 using a maximum of 2 decimal places]

[Add Row]

Requested content

General

- Select the country/area/region in which you operate and enter the % of your total revenue produced in that country/area/region.
- If you are able to report revenue on a regional level, rather than by country/area, please select “Other, please specify” and use the open text to share details.
- Select country/area/region in accordance with CDP’s Technical Note “Country and regions” if you are classifying by region.
- Total % of revenue should sum to 100%.

[SME0.8] Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Rationale

This will help data users interpret your responses.

Response options

Select one of the following options:

- Financial control
- Operational control
- Equity share
- Other, please specify

Requested content

General

- Use a consolidated approach when determining reporting boundaries. CDP recommends that you consult your legal or accounting advisors when doing so.
- The "consolidated approach" identifies which entities are included within the reporting boundary. Unless stated otherwise, the information you provide in response to the CDP climate change questionnaire should be presented as one "consolidated" result covering all of the companies, entities, businesses, etc., within your reporting boundary.
- To support the use, tracking, and comparability of reported GHG information, respondents are encouraged to adopt the consolidation approaches based on the GHG Protocol Corporate Standard, outlined in more detail in Chapter 3 of the Standard.

Further clarification of options

- The options in the drop-down for this question are based on the GHG Protocol Corporate Standard, and are described in more detail below (text adapted from the GHG Protocol Corporate Standard):
  - **Financial control**: An organization has financial control over an operation if it has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities. Generally, an organization has financial control over an operation for GHG accounting purposes if the operation is treated as a group company or subsidiary for the purposes of financial consolidation.
    - Companies using the CDSB framework should select this option.
  - **Operational control**: An organization has operational control over an operation if it or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation.
    - Most SMEs select this option.
  - Equity share: Under the equity share approach, a company accounts for GHG emissions from operations according to its share of equity in the operation. The equity share reflects the economic interest, which is the extent of rights a company has to the risks and rewards flowing from an operation. Typically, the share of economic risks and rewards in an operation is aligned with the company's percentage ownership of that operation, and equity share will normally be the same as the ownership percentage. Where this is not the case, the economic substance of the relationship the company has with the operation always overrides the legal ownership form to ensure the equity share reflects the percentage of economic interest. The principle of economic substance taking precedence over legal form is consistent with international financial reporting standards.
- In the case of leasing arrangements, please see the GHG Appendix: Categorizing GHG Emissions from Leased Assets and the International Accounting Standard (IAS) 17 on Leases, published by the International Financial Reporting Standards (IFRS) to determine the appropriate scope for those emissions.

Explanation of terms

- **Company:** Throughout this questionnaire, "your company" refers collectively to all the companies, businesses, organizations, other entities or groups that fall within your definition of the reporting boundary. This term is used interchangeably with "your organization", but CDP recognizes that some disclosing organizations may not consider themselves to be, or be formally classified, as "companies".
- **Consolidation approach:** The identification of companies, businesses, organizations etc. for inclusion within the reporting boundary of the responding organization. The way in which you report information for the companies that are included within the reporting boundary is known as the "consolidation approach" because, unless stated otherwise, the information you provide in response to the questionnaire should be presented as one "consolidated" result covering all of the companies, entities, businesses etc. within your reporting boundary. The GHG Protocol states that two distinct approaches may be used to consolidate GHG emissions; the equity share and the control approaches. Control can be defined in either financial (financial control) or operational (operational control) terms. This term is used interchangeably with "your organization", but CDP recognizes that some disclosing organizations may not consider themselves to be, or be formally classified, as "companies".
- **GHG inventory**: a quantified list of an organization's greenhouse gas emissions and sources.
- **Reporting boundary**: This determines which organizational entities, such as groups, businesses, and companies, are included in or excluded from your disclosure. These may be included according to your financial control, operational control, equity share or another measure. Please consistently apply this organizational boundary when responding to questions unless you are specifically asked for data about another category of activities.
- **Organization:** Throughout this questionnaire, "your organization" refers collectively to all the companies, businesses, other entities or groups that fall within the definition of your reporting boundary (provided in SME0.8). This term is used interchangeably with "your company", but CDP recognizes that some disclosing organizations may not consider themselves to be, or be formally classified, as "companies".

[SME0.9] Does your organization break down its electricity consumption by country/area/region?

Rationale

In case your organization is unable to report on emissions, electricity consumption is a critical input for modeling emissions.

Response options

Select from:

- Yes
- No

[SME0.9a] Report your organization's consumption of purchased or acquired electricity in MWh, broken down by country/area/region.

Question dependencies

This question only appears if you select “Yes” to SME0.9.

Rationale

Given the importance of electricity consumption in emissions accounting, this question provides transparency to data users on the consumption of electricity by the organization. It is also an essential input for modelling emissions.

Connection to other frameworks

SDG

- Goal 7: Affordable and clean energy
- Goal 12: Responsible consumption and production
- Goal 13: Climate action

Response options

Please complete the following table. You are able to add rows by using the “Add Row” button at the bottom of the table.

Country / Area / Region	MWh from renewable sources	MWh from non-renewable sources	Total (renewable + non-renewable) MWh [auto-calculated]	Comment
Select from: [Country/area/region drop-down list]	Numerical field [enter a number from 0 to 9,999,999,999 using up to 2 decimal places and no commas]	Numerical field [enter a number from 0 to 9,999,999,999 using up to 2 decimal places and no commas]	Numerical field	Text field [maximum 2,400 characters]

[Add Row]

Requested content

General

- Figures you provide should be for the reporting year only (as defined by your answer to SME0.3).
- All figures should be reported in Megawatt hours of electricity (MWh).
- If you only have electricity consumption data on part of your operations, you may extrapolate the rest, but please include a note in the “Comment” section (column 5).
- For more information on fuel definitions, please view the CDP Technical Note: Fuel Definitions.

Country / Area / Region (column 1)

- Country / Area / Region should match what was reported in SME0.7

MWh from renewable sources (column 2)

- Renewable energy is energy taken from sources that are inexhaustible such as wind, solar, hydropower, geothermal, biomass and marine (tidal and wave energy).
- Waste energy should not be included if it is derived from fossil fuels.
- Hydrogen should not be included if it is derived from fossil fuels.

MWh from non-renewable sources (column 3)

- Any source not identified as deriving from renewable sources should be included, e.g. coal, oil, natural gas, etc.
- Consumption of purchased or acquired electricity, steam, heat and/or cooling from nuclear sources should be included.

Total (renewable + non-renewable) MWh [auto-calculated] (column 4)

- This field is auto-calculated using your response in column 2 and column 3. Please ensure that both fields are filled out.

Comment (column 5)

- Ensure to include any comments about calculation methodology, data extrapolations, assumptions, etc.

[SME0.9b] Report your organization's consumption of purchased or acquired electricity in MWh.

Question dependencies

This question only appears if you select "No" to SME0.9.

Rationale

Given the importance of electricity consumption in emissions accounting, this question provides transparency to data users on the consumption of electricity by the organization. It is also an essential input for modelling emissions.

Connection to other frameworks

SDG

- Goal 7: Affordable and clean energy
- Goal 12: Responsible consumption and production
- Goal 13: Climate action

Response options

Please complete the following table:

MWh from renewable sources	MWh from non-renewable sources	Total (renewable + non-renewable) MWh [auto-calculated]	Comment
Numerical field [enter a number from 0 to 9,999,999,999 using up to 2 decimal places and no commas]	Numerical field [enter a number from 0 to 9,999,999,999 using up to 2 decimal places and no commas]	Numerical field	Text field [maximum 2,400 characters]

Requested content

General

- Figures you provide should be for the reporting year only (as defined by your answer to SME0.3).
- All figures should be reported in Megawatt hours of electricity (MWh).
- If you only have electricity consumption data on part of your operations, you may extrapolate the rest, but please include a note in the "Comment" section (column 5).
- For more information on fuel definitions, please view the CDP Technical Note: Fuel Definitions.

MWh from renewable sources (column 1)

- Renewable energy is energy taken from sources that are inexhaustible such as wind, solar, hydropower, geothermal, biomass and marine (tidal and wave energy).
- Waste energy should not be included if it is derived from fossil fuels.
- Hydrogen should not be included if it is derived from fossil fuels.

MWh from non-renewable sources (column 2)

- Any source not identified as deriving from renewable sources should be included, e.g. coal, oil, natural gas, etc.
- Consumption of purchased or acquired electricity, steam, heat and/or cooling from nuclear sources should be included.

Total (renewable + non-renewable) MWh [auto-calculated] (column 3)

- This field is auto-calculated using your response in column 1 and column 2. Please ensure that both fields are filled out.

Comment (column 4)

- Ensure to include any comments about calculation methodology, data extrapolations, assumptions, etc.

SME1 Reported Emissions & Targets

Module Overview

This module examines emissions data details and is aligned with TCFD Metrics & Targets recommended disclosure b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Every company should measure its emissions and determine its impact on the climate as a starting point. Only then can the company begin to manage and reduce its negative environmental impact effectively. To help delineate direct and indirect emission sources, improve transparency, and provide utility for different types of organizations and different types of climate policies and business goals, three "scopes" (scope 1, scope 2, and scope 3) are defined for GHG accounting and reporting purposes.

Introduction to Scope 1: Direct emissions

Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc. Direct CO_2 emissions from the combustion of biomass shall not be included in scope 1.

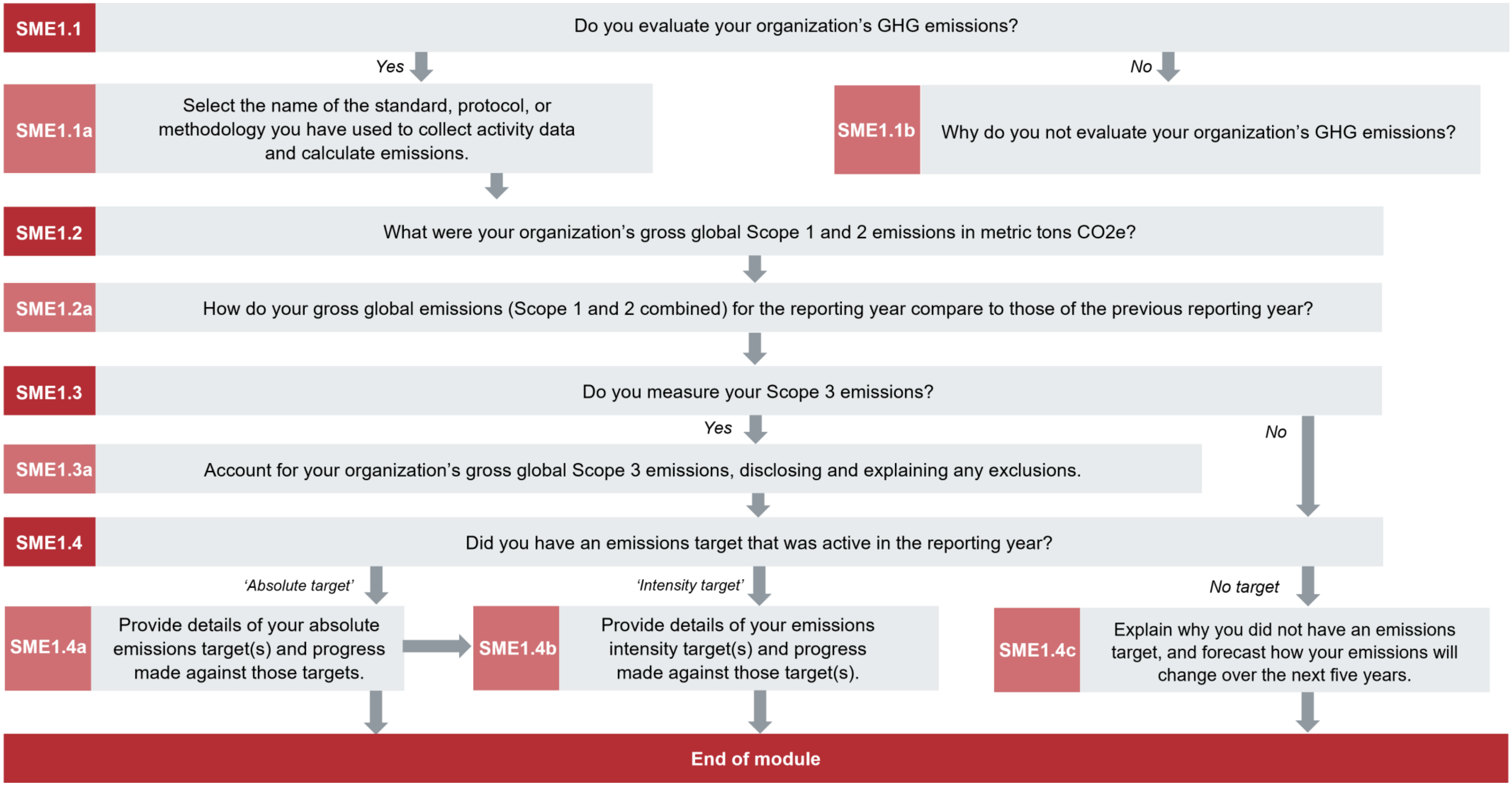
Introduction to Scope 2: Energy indirect emissions

Scope 2 accounts for GHG emissions from the generation of purchased energy (electricity, steam, heat and cooling) consumed by the company. Purchased energy is defined as energy that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated. For example, any emissions associated with generating the electricity a company consumes from the electricity grid are the scope 2 emissions of that company.
Two main methods for accounting scope 2 emissions are used: the location-based method and market-based method. The location-based method reflects the average emissions intensity of grids on which energy consumption occurs. The market-based method reflects emissions from the electricity that companies have chosen in the market where contractual instruments are available or their lack of choice.

Introduction to Scope 3: Other indirect emissions

As per the GHG Protocol's Value Chain (Scope 3) Standard, Scope 3 emissions consist of all the indirect emissions in a company's value chain, apart from indirect emissions from the generation of purchased or acquired energy consumed by the reporting company, which are accounted under Scope 2. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Scope 3 emissions are divided into 15 categories of emissions. For example, emissions associated with the 3rd party transport of a company's goods are scope 3 emissions of that company. See the CDP Technical Note: Scope 3 relevance by sector for more information.

For more information on the Scopes and reporting of GHG emissions data, please see the GHG Protocol: A Corporate Accounting and Reporting Standard, the GHG Protocol's Scope 2 guidance and the GHG Protocol's Value Chain (Scope 3) Standard.


SME1.1
Do you evaluate your organization's GHG emissions?
Yes
No
SME1.1a
Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
SME1.1b
Why do you not evaluate your organization's GHG emissions?
SME1.2
What were your organization's gross global Scope 1 and 2 emissions in metric tons CO2e?
SME1.2a
How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
SME1.3
Do you measure your Scope 3 emissions?
Yes
No
SME1.3a
Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.
SME1.4
Did you have an emissions target that was active in the reporting year?
'Absolute target'
'Intensity target'
No target
SME1.4a
Provide details of your absolute emissions target(s) and progress made against those targets.
SME1.4b
Provide details of your emissions intensity target(s) and progress made against those target(s).
SME1.4c
Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.
End of module

[SME1.1] Do you evaluate your organization's GHG emissions?

Rationale
Your response to this question will determine the questions presented in the rest of module 1.

Response options
Select one of the following options:

- Yes
- No, but we plan to in the next two years
- No, and we do not plan to in the next two years

[SME1.1a] Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Question dependencies
This question only appears if you select "Yes" in SME1.1

Rationale
CDP data users need to understand what methods have been used to calculate emissions.

Response options
Select all that apply:

- ABI Energia Linee Guida
- Act on the Rational Use of Energy
- American Petroleum Institute Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry, 2009
- Australia - National Greenhouse and Energy Reporting Act
- Bilan Carbone
- Brazil GHG Protocol Programme
- Canadian Association of Petroleum Producers, Calculating Greenhouse Gas Emissions, 2003
- China Corporate Energy Conservation and GHG Management Programme
- Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
- ENCORD: Construction CO_2e Measurement Protocol
- Energy Information Administration 1605(b)
- Environment Canada, Sulphur hexafluoride (SF_6) Emission Estimation and Reporting Protocol for Electric Utilities
- Environment Canada, Aluminum Production, Guidance Manual for Estimating Greenhouse Gas Emissions
- Environment Canada, Base Metals Smelting/Refining, Guidance Manual for Estimating Greenhouse Gas Emissions
- Environment Canada, Cement Production, Guidance Manual for Estimating Greenhouse Gas Emissions
- Environment Canada, Primary Iron and Steel Production, Guidance Manual for Estimating Greenhouse Gas Emissions
- Environment Canada, Lime Production, Guidance Manual for Estimating Greenhouse Gas Emissions
- Environment Canada, Primary Magnesium Production and Casting, Guidance Manual for Estimating Greenhouse Gas Emissions
- Environment Canada, Metal Mining, Guidance Manual for Estimating Greenhouse Gas Emissions
- EPRA (European Public Real Estate Association) guidelines, 2011
- EPRA (European Public Real Estate Association) Sustainability Best Practice recommendations Guidelines, 2017
- European Union Emission Trading System (EU ETS): The Monitoring and Reporting Regulation (MMR) – General guidance for installations
- European Union Emissions Trading System (EU ETS): The Monitoring and Reporting Regulation (MMR) – General guidance for aircraft operators
- French methodology for greenhouse gas emissions assessments by companies V4 (ADEME 2016)

- Hong Kong Environmental Protection Department, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings, 2010
- ICLEI Local Government GHG Protocol
- IEA CO_2 Emissions from Fuel Combustion
- India GHG Inventory Programme
- International Wine Industry Greenhouse Gas Protocol and Accounting Tool
- IPCC Guidelines for National Greenhouse Gas Inventories, 2006
- IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2003
- IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2nd edition, 2011
- ISO 14064-1
- Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superseded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)
- Korea GHG and Energy Target Management System Operating Guidelines
- National Development and Reform Commission (NDRC) Guidance for Accounting and Reporting of GHG Emissions for Corporates (Trial)
- New Zealand - Guidance for Voluntary, Corporate Greenhouse Gas Reporting
- Philippine Greenhouse Gas Accounting and Reporting Programme (PhilGARP)
- Programa GEI Mexico
- Recommendations for reporting significant indirect emissions under Article 173-IV (ADEME 2018)
- Regional Greenhouse Gas Initiative (RGGI) Model Rule
- Smart Freight Centre: GLEC Framework for Logistics Emissions Methodologies
- Taiwan - GHG Reduction Act
- Thailand Greenhouse Gas Management Organization: The National Guideline Carbon Footprint for organization
- The Climate Registry: Electric Power Sector (EPS) Protocol
- The Climate Registry: General Reporting Protocol
- The Climate Registry: Local Government Operations (LGO) Protocol
- The Climate Registry: Oil & Gas Protocol
- The Cool Farm Tool
- The GHG Indicator: UNEP Guidelines for Calculating Greenhouse Gas Emissions for Businesses and Non-Commercial Organizations
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- The Greenhouse Gas Protocol Agricultural Guidance: Interpreting the Corporate Accounting and Reporting Standard for the Agricultural Sector
- The Greenhouse Gas Protocol: Public Sector Standard
- The Greenhouse Gas Protocol: Scope 2 Guidance
- The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard
- The Tokyo Cap-and Trade Program
- Toitū carbonreduce programme
- Toitū carbonzero programme
- US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases
- US EPA Center for Corporate Climate Leadership: Indirect Emissions From Events and Conferences
- US EPA Center for Corporate Climate Leadership: Indirect Emissions From Purchased Electricity

- US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources
- US EPA Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources
- US EPA Mandatory Greenhouse Gas Reporting Rule
- US EPA Emissions & Generation Resource Integrated Database (eGRID)
- VfU (Verein fur Umweltmanagement) Indicators Standard
- WBCSD: The Cement CO_2 and Energy Protocol
- World Steel Association CO_2 emissions data collection guidelines
- Other, please specify

Requested content

General

- There are a variety of standards, methodologies, and protocols available for collecting and reporting GHG data, but the large majority of companies refer to the GHG Protocol.
- The appropriateness of an emissions calculation methodology should be determined on a case-by-case basis, and it is good practice for the methods used to estimate emissions and the underlying data to be externally verified.
- CDP makes no judgments on standards or methodologies applied by companies to produce their inventories. However, we expect that any tool used will follow the best practice and observe important aspects such as the accuracy and completeness principles of standards similar to the GHG Protocol. CDP encourages companies to use the GHG Protocol Corporate Standard when national standards are not specified.
- If the methology(ies) you have used is not listed, select “Other, please specify;” and indicate the methodology(ies) used.

[SME1.1b] Why do you not evaluate your organization’s GHG emissions?

Question dependencies
This question only appears if you select “No, but we plan to in the next two years” or “No, and we do not plan to in the next two years” in SME1.1.

Rationale

As measuring emissions is a prerequisite for leadership in environmental practice, data users need to understand why companies have not begun collecting this data.

Response options
Please complete the following table. Select the primary reason that is most relevant.

Primary Reason	Please explain
Select from: • We are planning to in the next two years • Important but not an immediate business priority • Judged to be unimportant, explanation provided • Lack of internal resources • Insufficient data on operations • No instruction from management • Other, please specify	Text field [maximum 2,400 characters]

[SME1.2] What were your organization’s gross global Scope 1 and 2 emissions in metric tons CO2e?

Question dependencies
This question only appears if you select “Yes” in SME1.1.

Rationale

Reporting emissions is best practice and a prerequisite to understanding and reducing negative environmental impacts. CDP asks this question to ensure companies are measuring their carbon footprints from direct emissions.

Connection to other frameworks

TCFD
Metrics & Targets recommended disclosure b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

SDG
Goal 13: Climate action

Response options

Please complete the following table:

Gross global Scope 1 emissions (metric tons CO_2e)	Gross global Scope 2 emissions, Location-based (metric tons CO_2e)	Gross global Scope 2 emissions, Market-based (metric tons CO_2e)	Comment
Numerical field [enter a range of 0-999,999,999,999 using a maximum of 3 decimal places and no commas]	Numerical field [enter a range of 0-999,999,999,999 using a maximum of 3 decimal places and no commas]	Numerical field [enter a range of 0-999,999,999,999 using a maximum of 3 decimal places and no commas]	Text field [maximum 2,400 characters]

Requested content

General

- This question requests emissions data from emission sources that fall within the chosen reporting boundary in SME0.8
- Please include any relevant exclusions in the Comment section (column 4).
- Emissions must be reported in gross, not net figures. Therefore, negative numbers are not allowed.
- Putting in zero suggests that you have measured your emissions and that they are equal to zero.
- Emissions estimates are acceptable, as long as there is transparency with regards to the estimation approach (what is estimated and how) and the data used for the analysis is adequate to support the objectives of the inventory.
- Gross emissions are requested so that data users can account for GHG emissions from sources owned or controlled by your organization before any reductions for offsets are made, as per the GHG Protocol Corporate Standard. This transparency is meant to
provide users with the most accurate portrayal of the emissions created within your company's boundary.
- Scope 1 & 2 emissions should be reported in metric tons of CO_2e. Common conversion factors are included in the Technical Note "Units of Measure Conversions".
- Special requirements for carbon sequestration, captured & stored and transferred CO_2, transfer in – transfer out, and enhanced oil recovery are explained in the Technical Note "Special conditions for reporting Scope 1 emissions" .
- For more information about CDP's current recommendations on what emission factor to use for electricity accounting, where you can find emission factors and the different types there are, please check the Technical Note "Accounting of Scope 2 emissions."

Please also note that electricity produced by either CH_4 or N_2O is to be included in the emission factor.

- For further information, please also see GHG Protocol Scope 2 Guidance.
- For more detailed information beyond what is provided in this guidance and technical annexes, consult your electricity suppliers, carbon advisor, or verifier/assurer.

Note on biogas:

- Carbon dioxide emitted from the combustion of biomass/biofuel or fermentation should not be included in your response to question SME1.2. This applies to self-generated biogas, and biogas delivered by a direct, dedicated pipeline.
- When gas is sourced from a shared pipeline network with multiple sources including both renewable and non-renewable sources, certificates are required to demonstrate the renewable origin of gas (i.e. "certified biogas"). To make a renewable electricity usage
claim on electricity generated onsite from gas the following conditions need to be met:

  - The company combusts gas sourced from a shared gas pipeline network to produce electricity;
  - It also owns or purchases green gas certificates that originated from one of the gas producers on the pipeline network – these need not necessarily be purchased directly from the biogas producers;
  - The company permanently retains the environmental attributes of the electricity generation, including any energy attribute certificates (e.g. RECs in the U.S.) for the electricity generated.

- The appropriateness of using market-based instruments such as green gas certificates for the emissions inventories is a contested issue. The GHG Protocol is undertaking a process to determine the need and scope for additional guidance building on the existing set of corporate GHG accounting and reporting standards for Scope 1, Scope 2, and Scope 3 emissions. As part of this process, the GHG Protocol plans to holistically examine the appropriateness of market-based accounting methods across sectors, end-uses, and scopes. CDP intends to align with any revisions to the GHG Protocol standards and guidance resulting from this process, including on the use of green gas certificates for emissions accounting.
- While the GHG Protocol process is ongoing, companies are encouraged to make their own judgement of the appropriateness of using green gas certificates in their emissions accounting. Companies should be transparent about any such use of green gas certificates by providing relevant details in the "Comment" column (column 4).
- If the company uses biogas that is sourced from a dedicated pipeline and the source is renewable, then they do not need certificates to prove the renewable origin.
- CDP does not have specific requirements or recommendations for biogas certification. Certified biogas is defined as a contractual instrument that meets the Scope 2 Quality Criteria in GHG Protocol Scope 2 Guidance. For more information on this refer to CDP Technical Note: Accounting of Scope 2 emissions.

Note for agricultural sector companies:

- Direct emissions from agricultural/forestry, processing/manufacturing and/or distribution activities should be reported as part of Scope 1 emissions in this question.
- Scope 2 emissions from the use of electricity for agricultural/forestry, processing/manufacturing and/or distribution activities should be reported as Scope 2 emissions here.

Explanation of terms

- **Electricity:** In line with GHG Protocol, this term is used as shorthand for electricity, steam, and heating/cooling. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.
- Biogas**:** A gas derived principally from the anaerobic fermentation of biomass and solid wastes and combusted to produce heat and/or power. Included in this category are landfill gas and sludge gas (sewage gas and gas from animal slurries) and other biogas.

Additional information

- **Scope 2 emissions:** In many industries, indirect GHG emissions mostly occur from the generation of purchased electricity (and purchased heat, steam and cooling) consumed by the company, as per the GHG Protocol Corporate Standard. Non-energy-intensive companies are likely to have significantly higher Scope 2 figures than Scope 1 figures. The GHG Protocol highlights that "accounting for Scope 2 emissions allows companies to assess the risks and opportunities associated with changing electricity and GHG emissions cost."

[SME1.2a] How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Question dependencies
This question only appears if you select "Yes" in SME1.1.

Rationale

Investors and data users are interested in understanding whether companies are successfully reducing their emissions year over year.

Connection to other frameworks

SDG
Goal 7: Affordable and clean energy
Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options

Select one of the following options:

- Increased
- Decreased
- Remained the same overall
- This is our first year of reporting, so we cannot compare to last year

Requested content

General

- This question requires you to select the option from the drop-down menu that best describes how your combined Scope 1 and 2 emissions have changed compared with the previous year.
- The change in emissions can be calculated using the following formula:

Total gross Scope 1+2 emissions for the current reporting year – previous year's total gross Scope 1+2 emissions = total change in emissions

- If the resulting figure is negative, then your company's overall emissions decreased compared to the previous year. If the resulting figure is positive, overall emissions have increased compared to the previous year. If the resulting figure is equal to zero, overall emissions have not changed compared to the previous year.
- In this context your Scope 1 and Scope 2 emissions are the figures supplied in response to question SME1.2.
- The previous year compared should apply to the 12-month period directly prior to the reporting period.

[SME1.3] Do you measure your Scope 3 emissions?

Question dependencies
This question only appears if you select "Yes" in SME1.1.

Rationale
Measuring Scope 3 emissions takes time, and it is helpful for investors to know where their companies are in this process.

Response options
Select one of the following options:

- Yes
- No, but we plan to in the next two years
- No, and we do not plan to in the next two years

[SME1.3a] Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Question dependencies
This question only appears if you select "**Yes**" in SME1.3.

Rationale
For most companies, the majority of emissions occur in the supply chain. CDP asks this question to gauge the thoroughness of companies' accounting processes and to understand how companies are analyzing their emissions footprints.

Connection to other frameworks

TCFD
Metrics & Targets recommended disclosure b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

SDG
Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options
Please complete the following table:

Scope 3 category	Evaluation status	Metric tons CO_2e	Please explain
Purchased goods and services	Select from: • Relevant, calculated • Relevant, not yet calculated • Not relevant, calculated • Not relevant, explanation provided • Not evaluated	Numerical field [enter a number from 0-999,999,999,999 using a maximum of 3 decimal places and no commas]	Numerical field [enter a number from 0-999,999,999,999 using a maximum of 3 decimal places and no commas]
Capital goods			
Fuel-and-energy-related activities (not included in Scope 1 or 2)			
Upstream transportation and distribution			
Waste generated in operations			
Business travel			
Employee commuting			

Upstream leased assets			
Downstream transportation and distribution			
Processing of sold products			
Use of sold products			
End of life treatment of sold products			
Downstream leased assets			
Franchises			
Investments			
Other (upstream)			
Other (downstream)			

Requested content

General

- According to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard (page 107): "Any estimates of avoided emissions must be reported separately from a company's Scope 1, Scope 2, and Scope 3 emissions, rather than included or deducted from the Scope 3 inventory".
- You should complete every row of the table (with the exception of the last two rows "Other (upstream)" and "Other (downstream)" which are optional), but not necessarily all columns.
- The columns that you need to complete in response to question SME1.3a will depend on your selection made in the "Evaluation status" column and are summarized in the guidance below for column 2 "Evaluation status".

Scope 3 category (column 1)

- This column is already completed in the ORS and all categories will appear. The categories of Scope 3 emissions have been taken from the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard, published in September 2011. Companies should refer to the standard for information on the emissions sources that each category comprises and additional information on how to calculate these emissions.

Evaluation status (column 2)

- This column should be completed for all Scope 3 categories, with the exception of "Other (upstream)" and "Other (downstream)" – these two rows should only be used if companies have a source of Scope 3 emissions that is not provided in the categories above. The evaluation status includes two components: whether a Scope 3 category is relevant to your business and whether you have calculated the emissions in that category. Relevance should be determined with reference to the GHG Protocol Scope 3 standard – see **Additional Information for the Scope 3 relevance criteria.**
  Select from:
  - **Relevant, calculated** - Select this option if the Scope 3 category is relevant to your business and you have calculated emissions from at least part of this source.
  - **Relevant, not yet calculated** - Select this option if you are aware that the Scope 3 category is relevant to your business but you have not yet calculated the emissions associated with it.
  - **Not relevant, calculated** - Select this option if you know that this source is not one of the most important for your business but as part of your Scope 3 work, you have been able to calculate the emissions associated with it.
  - **Not relevant, explanation provided** - Select this option if you have investigated this source of Scope 3 emissions and have been able to determine that it is not relevant. This could be based on quantitative or qualitative investigations.
  - **Not evaluated** - Select this option if you have not yet investigated this Scope 3 source and therefore do not know whether or not it is relevant for your business.

Metric tons CO_2e (column 3)

- Complete this column for all sources that you have identified as "Relevant, calculated" or "Not relevant, calculated" in the "Evaluation status" column. Enter the emissions appropriate to each source identified in metric tons CO_2e, entering numbers only up to 99,999,999,999 without commas and up to two decimal places. Negative numbers are not allowed as reporting needs to be gross, not net figures. Emission figures should be for the reporting year only.
- Entering 0 implies that you have calculated emissions from this source and they are equal to zero.

Please explain (column 4)

- Complete this column for all sources that you have identified as "Not relevant, explanation provided" in the "Evaluation status" column. You should provide details of how you have reached the conclusion that the source is not relevant and include any qualitative or quantitative reasoning.
- If you wish to provide additional context to any of the other rows in the table, including methodology used, any exclusions within a source, or to explain why emissions have decreased or increased, you can also do that in this column.

Note for agricultural sector companies:

- Organizations reporting Scope 3 emissions data associated with the transportation of raw materials should do so in this question.

Note for oil & gas and coal sector companies:

- CDP has produced sector-specific guidance for estimating Scope 3 category 11 (use of sold products) emissions for the Oil & Gas and Coal sectors.

Note for financial services sector companies:

- As the majority of emissions occur in relation to financial products and services and/or investments, financed emissions, or Scope 3 Category 15 "Investments" emissions as defined by the GHG Protocol is the most relevant category to financial services organizations.

Note for real estate sector companies:

- For real estate companies, the categories that are likely to be highly relevant and should always be evaluated are:
  - Capital goods
  - Use of sold products
  - End-of-life treatment of sold products
  - Downstream leased assets
- You may wish to refer to "Guide to Scope 3 Reporting in Commercial Real Estate" (UK Green Building Council, 2019) that has been specifically developed to build consensus and promote common approaches to reporting Scope 3 emissions. It aims to provide clarity on interpreting the GHG Protocol for commercial real estate companies and enable consistency in reporting across the sector.

Note for capital goods sector companies:

- For capital goods companies, the categories that are likely to be highly relevant and should always be evaluated are:
  - Purchased goods and services
  - Use of sold products
  - End-of-life treatment of sold products

Additional information

- **Relevance criteria for Scope 3 emissions sources:** Companies should not exclude any activity that would compromise the relevance of the reported inventory. The table below from the Corporate Value Chain (Scope 3) Accounting and Reporting Standard of the GHG protocol provides a list of criteria for determining relevance.

Table [6.1] Criteria for identifying relevant scope 3 activities

Criteria	*Description*
Size	They contribute significantly to the company's total anticipated scope 3 emissions (see section 7.1 for guidance on using initial estimation methods)
Influence	There are potential emissions reductions that could be undertaken or influenced by the company (see box 6.2)
Risk	They contribute to the company's risk exposure (e.g., climate change related risks such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks) (see table 2.2)
Stakeholders	They are deemed critical by key stakeholders (e.g., customers, suppliers, investors, or civil society)
Outsourcing	They are outsourced activities previously performed in-house or activities outsourced by the reporting company that are typically performed in-house by other companies in the reporting company's sector
Sector guidance	They have been identified as significant by sector-specific guidance
Other	They meet any additional criteria for determining relevance developed by the company or industry sector

- **Scope 3 screening tool:** To help facilitate the adoption of the Scope 3 Standard and assist companies in determining the relevance of Scope 3 emissions sources, the GHG Protocol, in collaboration with Quantis, have released a free Scope 3 screening tool. This tool asks a number of relatively simple questions to approximate your Scope 3 inventory, and can be used by companies of all sizes and all sectors. Please note that this tool is not a data collection tool and should only be used to make a first approximation of your Scope 3 emissions. Having used the tool to help determine the relevance of Scope 3 categories, companies should then develop more accurate approaches for categories shown to be a relevant source of emissions.

[SME1.4] Did you have an emissions target that was active in the reporting year?

Question dependencies

This question only appears if you select "Yes" in SME1.1.

Rationale

Target setting provides direction and structure to environmental strategy. CDP data users want to understand companies' commitments to reducing emissions and whether the organization has a goal towards which they are harmonizing and focusing emissions-related efforts.

Connection to other frameworks

TCFD
Metrics & Targets recommended disclosure c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

SDG
Goal 7: Affordable and clean energy
Goal 12: Responsible consumption and production

Response options
Select one or more of the following options:

- Absolute target
- Intensity target
- No target

Requested content

General

- Targets that are based on a future "business as usual" year are not equivalent to emissions reduction targets and therefore should not be reported here. Acceptable targets must determine emissions reductions through comparison to a set base year in the past, not to a projected "business as usual" emissions figure in the future.
- You have an "active target" if the target ends in or after the reporting year and the target is to reduce absolute emissions or emissions intensity.
    - Absolute target: an absolute target describes a reduction in actual emissions in a future year when compared to a base year. The target can relate to your Scope 1, Scope 2 and/or Scope 3 emissions in full or in part.
    - Intensity target: an intensity target describes a future reduction in emissions that have been normalized to a business metric when compared to the same normalized business metric emissions in a base year. The target can relate to your Scope 1, Scope 2 and/or Scope 3 emissions in full or in part.

Note for oil and gas sector companies:

- Investors request that companies disclose both company-wide targets and targets at the divisional level.

Note for electric utility sector companies:

- Investors request that companies disclose company-wide targets and, where applicable, at divisional level, and that intensity targets are also expressed as absolute targets where possible.

Note for transport OEMs sector companies:

- In addition to any absolute targets, companies should disclose company-wide CO_2 and/or fuel economy targets for products and, where relevant, for specific markets. Targets should be expressed in grams of CO_2 per kilometer.

Note for financial services sector companies:

- Consider any absolute or intensity targets related to your lending and investment portfolio (Scope 3 Investments), in addition to targets related to Scope 1, Scope 2 and other Scope 3 emissions.

Note for capital goods sector companies:

- Companies should consider reporting company-wide and/or product-level Scope 3 targets, and in particular, Scope 3 targets relating to the use of sold products.

Additional information

Examples of emissions reduction targets

The following are examples of absolute targets:

- Metric tons CO_2e or % reduction from base year
- Metric tons CO_2e or % reduction in product use phase relative to base year
- Metric tons CO_2e or % reduction in supply chain relative to base year
- Metric tons CO_2e or % reduction per year
- Metric tons CO_2e or % reduction relative to 5 year rolling average of emissions
- Cap on emissions in metric CO_2e

The following are examples of intensity targets:

- Metric tons CO_2e or % reduction per unit revenue (also per unit turnover; per unit gross sales) relative to base year
- Metric tons CO_2e or % reduction per full-time employee equivalent (also per hours worked; per operating hour; per guest night; per capita; per patient days) relative to base year
- Metric tons CO_2e or % reduction per unit of product (e.g. metric ton of paper; metric ton of aluminum) relative to base year
- Metric tons CO_2e or % reduction per passenger kilometer (also per km; per nautical mile) relative to base year
- Metric tons CO_2e or % reduction per square foot relative to base year
- Cap on emissions relative to an activity (e.g. stabilizing emissions at x metric tons CO_2e per metric to of steel produced)
- Metric tons CO_2e or % reduction per MWh
- Metric tons CO_2e or % reduction in emissions from business flights per employee

[SME1.4a] Provide details of your absolute emissions target(s) and progress made against those targets.

Question dependencies
This question only appears if you select "Absolute target" in response to SME1.4.

Rationale

The question is aimed at encouraging best practice in target setting, such as the use of science-based targets where available.

Connection to other frameworks

TCFD
Metrics & Targets recommended disclosure c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

SDG
Goal 7: Affordable and clean energy
Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options

Please complete the following table. You are able to add rows by using the "Add Row" button at the bottom of the table.

Target reference number	Year target was set	Base year	Covered emissions in base year (metric tons CO2e)	Target year	Targeted reduction from base year (%)	Covered emissions in target year (metric tons CO2e) [auto-calculated]	Covered emissions in reporting year (metric tons CO2e)	% of target achieved [auto-calculated]	Is this a science-based target?	Please explain (including target coverage)
Abs1 – Abs100	Numerical field [enter a number between 1900- 2023]	Numerical field [enter a number between 1900- 2023]	Numerical field [enter a number from 0-999,999,999,999 using a maximum of 2 decimal places and no commas]	Numerical field [enter a number between 2000-2100]	Percentage field [enter a percentage from 0-100 using a maximum of 2 decimal places]	Numerical field	Numerical field [enter a number from 0-999,999,999,999 using a maximum of 2 decimal places and no commas]	Percentage field	Select from drop-down options: • Yes, and this target has been approved by the Science-Based Targets initiative • Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative • No, but we are reporting another target that is science-based • No, but we anticipate setting one in the next 2 years • No, and we do not anticipate setting one in the next 2 years	Text field [maximum 2,400 characters]

[Add Row]

Requested content

General

- Note that CDP is requesting data on gross emissions. Gross means total emissions before any deductions or other adjustments are made to take account of offset credits, avoided emissions from the use of goods and services and/or reductions attributable to the sequestration or transfer of GHGs. If you have a target that will be met in part by offsetting (including carbon neutrality targets), only the proportion of the target that relates to emissions reductions (and not offset purchases) should be considered here. If you are uncertain of the proportion that will be achieved through emissions reductions, make an estimation based on the initiatives that you have in place or planned.

Target reference number (column 1)

- Select a unique target reference from the drop-down menu provided to identify the target in subsequent questions and to track progress against the target in subsequent reporting years.

Year target was set (column 2)

- Enter the year in which your company set the target.
- This must be either before or during the reporting year, but cannot be after the reporting year. It also cannot be after the target year.
- If the target is science-based and has been submitted to the SBTi for validation or has been approved by the SBTi (as indicated by your response to column 10), enter the year in which your organization submitted the target for validation by the SBTi.
- If you have a year-on-year rolling target, enter the year your first set the target. This can be before the base year.
- If you set the target based on financial years, enter the year that applies to the end of your financial year and specify this in the “Please explain (including target coverage)” section.

Base year (column 3)

- The base year is the year against which you are comparing your emissions reduction target.
- If you have a year-on-year rolling target, the base year will be the previous reporting year.
- If you have a target based on financial years, enter the year that applies to the end of your financial year and specify this in the “Please explain (including target coverage)” section.
- If you have a target based on average emissions over a period of time (e.g. 5-year average), enter the year that applies to the end of the average period and specify this in the “Please explain (including target coverage)” section.
- You cannot have a base year that is in the future.

Covered emissions in base year (metric tons CO_2e) (column 4)

- Enter the base year emissions covered by the target in this column.
- E.g. if your target is to reduce Scope 1 emissions arising from your European operations, enter the base year Scope 1 emissions for your European operations only.
- E.g. if your target relates to Scope 2 emissions of a particular business activity (e.g. office-based operations, etc.), enter the base year Scope 2 emissions relating to that business activity only.

Target year (column 5)

- Enter the year that the target ends. For example, if the target is to reduce emissions by 50% by 2030, the target year is 2030.
- If you have a year-on-year rolling target, the target year will be the reporting year.
- If you have a target based on financial years, enter the year that applies to the end of your financial year and specify in the “Please explain (including target coverage)” section.
- If you have a target based on average emissions over a period of time (e.g. 5-year average), enter the year that applies to the end of the average period and specify this in the “Please explain (including target coverage)” section.
- You should not report any target that was achieved before the start of the reporting year.

Targeted reduction from base year (%) (column 6)

- Enter your targeted emissions reduction as a percentage reduction in emissions to be achieved in the target year, when compared to the base year.
- E.g. if your target is to reduce your Scope 1 emissions by 3000 metric tons CO_2e and your base year emissions were 150,000 metric tons CO_2e, you should enter 2 into this column (i.e. (3000/150000) =0.02; then multiply by 100 for percentage value).
- If your target is to stabilize emissions at the base year level, you should enter 0 in this column.
- Note that this column is intended to describe the targeted percentage reduction from the base year that is to be achieved in the target year, and not the percentage reduction from the base year observed in the reporting year.

Covered emissions in target year (metric tons CO_2e) [auto-calculated] (column 7)

- This column will be auto-calculated.
- The emissions covered by the target in your target year will be calculated from the “Covered emissions in base year” (column 4) and the “Targeted reduction from base year” (column 6) columns. Ensure that you have entered data into these columns.
- E.g. if your base year emissions were 150,000 metric tons CO_2e, and your targeted reduction is 2%, this column will display 147,000.

Covered emissions in reporting year (metric tons CO_2e) (column 8)

- Enter the emissions in the reporting year covered by the target in this column.
- E.g. if your target is to reduce Scope 1 emissions arising from your European operations, enter the Scope 1 emissions in the reporting year for your European operations only.

- E.g. if your target relates to Scope 2 emissions of a particular business activity (e.g. office-based operations, etc.), enter the Scope 2 emissions in the reporting year relating to that business activity only.

% of target achieved [auto-calculated] (column 9)

- This column will be auto-calculated.
- The target's percentage completion (in terms of emissions) compared with the base year will be calculated from the "Covered emissions in base year" (column 4), "Targeted reduction from base year" (column 6) and the "Covered emissions in reporting year" (column 8) columns. Ensure that you have entered data into these columns.
- E.g. if your target is to reduce your Scope 1 emissions by 10% and in the reporting year your Scope 1 emissions had reduced by 3% compared to the base year, this column will display 30 as your target is 30% complete.
- Negative values indicate an increase in emissions compared to the base year.
- Values greater than 100 indicate that you have exceeded your target.

Is this a science-based target? (column 10)

- A brief description of science-based targets and why CDP is asking companies to set them is provided as additional information to this question.
- In addition, refer to the CDP Technical Note on Science-Based Targets for what qualifies as a science-based target and how to assess your target against the Science Based Targets initiative's criteria.
  - Yes, and this target has been approved by the Science Based Targets initiative: Companies are very strongly encouraged to have their targets officially evaluated by the Science Based Targets initiative (SBTi). CDP considers targets approved by the initiative to reflect best practice in science-based target setting. Select this option only if the target has been approved by the SBTi.
  - Yes, we consider this a science-based target, but it has not been approved by the Science Based Targets initiative: Not all companies have had their target assessed by the SBTi. If your company has set a target and has self-assessed it to be science- based, but has not had it approved by the SBTi, or it is currently being reviewed by the SBTi, please select this option. You should use the "Please explain (including target coverage)" column to explain why you believe your target to be science-based. Do not select this option if your target has been rejected by the SBTi. If you are currently in the process of revising your target to meet SBTi criteria, indicate this by selecting "No, but we anticipate setting one in the next 2 years."
  - No, but we are reporting another target that is science-based: Another target (absolute or intensity) disclosed is science-based, either in another row in this table, or in C4.1b.
  - No, but we anticipate setting one in the next 2 years: While not necessary, it is recommended that the company publicly state this through the Call to Action commitment to set a science-based target.
  - No, and we do not anticipate setting one in the next 2 years: No science-based targets have been set and there are no plans in place to set one in the next 2 years.

Please explain (including target coverage) (column 11)

- Please include additional information, specifically on target coverage (Scope 1, Scope 1+2, boundaries, exclusions etc).
- If the target is not company-wide (i.e. it does not apply to the whole company in line with your definition of the reporting boundary), provide further details of your target coverage in this column.
- You can use this column to identify where you have a financial year or average year-based target.
- If your target is part of a wider carbon neutrality goal, a regulatory requirement, or a longer-term target, you can also explain this here.

Additional information

Science-based targets

- Nearly 200 nations at COP21 wrote into the Paris Agreement that globally we will aim to limit warming to below 2°C and pursue efforts to limit warming to under 1.5°C. However, there is a yawning gap between the level of ambition of the country commitments and targeted temperatures. Companies, which are responsible for a vast majority of the world's emissions, must play a critical role in filling the gap left by country commitments by raising the level of ambition in their target setting and reducing their emissions in line with climate science.
- Science-based target setting methods enable companies to set emissions targets that are consistent with conserving the remaining global emissions budget. A number of factors are taken into consideration in order to determine what is most appropriate for a given company.
- Companies are very strongly encouraged to have their targets officially evaluated by the Science Based Targets initiative (SBTi). CDP considers targets approved by the initiative to reflect best practices in science-based target setting.
- Regardless of submission to SBTi, companies are expected to report emissions reductions targets in their CDP response. Targets that did not pass the SBTi's review process or that have not been submitted for review prior to the deadline will still be evaluated using the information disclosed by each company in their CDP response. See the Technical Note for more details.

[SME1.4b] Provide details of your emissions intensity target(s) and progress made against those target(s).

Question dependencies

This question only appears if you select "Intensity target" in response to SME1.4.

Rationale

The question is aimed at encouraging best practice in target setting, such as the use of science-based targets where available.

Connection to other frameworks

TCFD

Metrics & Targets recommended disclosure c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.

SDG

Goal 7: Affordable and clean energy
Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options

Please complete the following table. You are able to add rows by using the "Add Row" button at the bottom of the table.

Target reference number	Year target was set	Intensity Metric	Base year	Intensity figure in base year (metric tons CO2e per unit of activity)	Target year	Targeted reduction from base year (%)	Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]	Intensity figure in reporting year (metric tons CO2e per unit of activity)	% of target achieved [auto-calculated]	Is this a science-based target?	Please explain (including target coverage)
Int1-Int100	Numerical field [enter a number between 1900- 2023]	Select from drop-down options below.	Numerical field [enter a number between 1900- 2023]	Numerical field [enter a number from 0- 999,999,999,999 using a maximum of 10 decimal places and no commas]	Numerical field [enter a number between 2000-2100]	Percentage field [enter a percentage from 0-100 using a maximum of 2 decimal places]	Numerical field	Numerical field [enter a number from 0-999,999,999,999 using a maximum of 10 decimal places and no commas]	Percentage field	Select from drop-down options: • Yes, and this target has been approved by the Science-Based Targets initiative • Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative • No, but we are reporting another target that is science-based • No, but we anticipate setting one in the next 2 years • No, and we do not anticipate setting one in the next 2 years	Text field [maximum 2,400 characters]

[Add Row]

Intensity metric drop-down options:

Select one of the following options:

- Grams CO_2e per revenue passenger kilometer
- Metric tons CO_2e per USD($) value-added
- Metric tons CO_2e per square meter
- Metric tons CO_2e per metric ton of aluminum
- Metric tons CO_2e per metric ton of steel
- Metric tons CO_2e per metric ton of cement
- Metric tons CO_2e per metric ton of cardboard
- Grams CO_2e per kilometer
- Metric tons CO_2e per unit revenue
- Metric tons CO_2e per unit FTE employee

- Metric tons CO_2e per unit hour worked
- Metric tons CO_2e per metric ton of product
- Metric tons CO_2e per liter of product
- Metric tons CO_2e per unit of production
- Metric tons CO_2e per unit of service provided
- Metric tons CO_2e per square foot
- Metric tons CO_2e per kilometer
- Metric tons CO_2e per passenger kilometer
- Metric tons CO_2e per megawatt hour (MWh)
- Metric tons CO_2e per barrel of oil equivalent (BOE)
- Metric tons CO_2e per vehicle produced
- Metric tons CO_2e per metric ton of ore processed
- Metric tons CO_2e per ounce of gold
- Metric tons CO_2e per ounce of platinum
- Metric tons of CO_2e per metric ton of aggregate
- Metric tons of CO_2e per billion (currency) funds under management
- Other, please specify

Requested content

General

- Note that CDP is requesting data on gross emissions. Gross means total emissions before any deductions or other adjustments are made to take account of offset credits, avoided emissions from the use of goods and services and/or reductions attributable to the sequestration or transfer of GHGs. If you have a target that will be met in part by offsetting (including carbon neutrality targets), only the proportion of the target that relates to emissions reductions (and not offset purchases) should be considered here. If you are uncertain of the proportion that will be achieved through emissions reductions, make an estimation based on the initiatives that you have in place or planned.

Target reference number (column 1)

- Select a unique target reference from the drop-down menu provided to identify the target in subsequent questions and to track progress against the target in subsequent reporting years.

Year target was set (column 2)

- Enter the year in which your company set the target.
- This must be either before or during the reporting year, but cannot be after the reporting year. It also cannot be after the target year.
- If the target is science-based and has been submitted to the SBTi for validation or has been approved by the SBTi (as indicated by your response to column 10), enter the year in which your organization submitted the target for validation by the SBTi.
- If you have a year-on-year rolling target, enter the year you first set the target. This can be before the base year.
- If you set the target based on financial years, enter the year that applies to the end of your financial year and specify this in the “Please explain (including target coverage)” section.

Intensity metric (column 3)

- If you select “Other, please specify,” provide a label for the metric.
- This should be in the format “mass CO_2 per activity,” as in the drop-down options above.

Base year (column 4)

- The base year is the year against which you are comparing your emissions reduction target.
- If you have a year-on-year rolling target, the base year will be the previous reporting year.

- If you have a target based on financial years, enter the year that applies to the end of your financial year and specify this in the "Please explain (including target coverage)" section.
- If you have a target based on average emissions over a period of time (e.g. 5-year average), enter the year that applies to the end of the average period and specify this in the "Please explain (including target coverage)" section.
- You cannot have a base year that is in the future.

Intensity figure in base year (metric tons CO_2e per unit of activity) (column 5)

- Enter the emissions intensity figure in the base year covered by the target in this column.
- Note that the base year emissions intensity figure should be calculated by dividing the base year emissions covered by the target by the intensity metric denominator (e.g. unit revenue, metric ton of product etc).
- E.g. if your target is to reduce your Scope 1 emissions per full time equivalent (FTE) employee by 22%, using 2010 as the base year and 2020 as the target year, first calculate what your Scope 1 emissions were per FTE in 2010 (in this example 9 metric tons CO_2e) and enter this figure in the field.

Target year (column 6)

- Enter the year that the target ends. For example, if the target is to reduce emissions by 50% by 2030, the target year is 2030.
- If you have a year-on-year rolling target, the target year will be the reporting year.
- If you have a target based on financial years, enter the year that applies to the end of your financial year and specify this in the "Please explain (including target coverage)" section.
- If you have a target based on average emissions over a period of time (e.g. 5-year average), enter the year that applies to the end of the average period and specify this in the "Please explain (including target coverage)" section.
- You should not report any target that was achieved before the start of the reporting year.

Targeted reduction from base year (%) (column 7)

- Enter your targeted emissions intensity reduction as a percentage reduction of the emissions intensity figure to be achieved in the target year, when compared to the base year.
- E.g. if your target is to reduce your Scope 1 emissions per FTE employee to 7 metric tons CO_2e per FTE employee and your base year emissions were 9 metric tons CO_2e per FTE employee, you should enter 22 into this column (i.e. ((9-7)/9)=0.22; then multiply by 100 for percentage value).
- If your target is to stabilize your emissions intensity at the base year level, you should enter 0 in this column.
- Note that this column is intended to describe the targeted percentage reduction from the base year that is to be achieved in the target year, not the percentage reduction from the base year observed in the reporting year.

Intensity figure in target year (metric tons CO_2e per unit of activity) [auto-calculated] (column 8)

- This column will be auto-calculated.
- The intensity figure covered by the target in your target year will be calculated from the "Intensity figure in base year" (column 5) and the "Targeted reduction from base year" (column 7) columns. Ensure that you have entered data into these columns.
- E.g. if your base year intensity figure was 9 metric tons CO_2e per FTE employee, and your targeted reduction is 22%, this column will display 7.

Intensity figure in reporting year (metric tons CO_2e per unit of activity) (column 9)

- Enter the emissions intensity figure in the reporting year covered by the target in this column.
- Note that the intensity figure in the reporting year should be calculated by dividing your reporting year emissions covered by the target by the intensity metric denominator (e.g. unit revenue, metric ton of product etc).
- E.g. if your target is to reduce your Scope 1 emissions per full time equivalent (FTE) employee from 9 metric tons CO_2e to 7 metric tons CO_2e and in the reporting year your Scope 1 emissions per FTE employee were 8 metric tons CO_2e, enter 8 in this field.

% of target achieved [auto-calculated] (column 10)

- This column will be auto-calculated.
- The target's percentage completion (in terms of emissions) compared with the base year will be calculated from the "Intensity figure in base year" (column 5), "Targeted reduction from base year" (column 7), and the "Intensity figure in reporting year" (column 9) columns. Ensure you have entered data into these columns.
- E.g. if your target is to reduce your Scope 1 emissions per FTE employee by 22% and in the reporting year your Scope 1 emissions per FTE employee had reduced by 11% compared to the base year, this column will display 50 as your target is 50% complete.
- Negative values indicate an increase in the emissions intensity figure compared to the base year.
- Values greater than 100 indicate that you have exceeded your target.

Is this a science-based target? (column 11)

- A brief description of science-based targets and why CDP is asking companies to set them is provided as additional information to this question.
- In addition, see the Technical Note on Science-Based Targets for what qualifies as a science-based target and how to assess your target against the Science Based Targets initiative's criteria.

- Yes, and this target has been approved by the Science Based Targets initiative – Companies are very strongly encouraged to have their targets officially evaluated by the Science Based Targets initiative (SBTi). CDP considers targets approved by the initiative to reflect best practice in science-based target setting. Select this option only if the target has been approved by the SBTi.
- Yes, we consider this a science-based target, but it has not been approved by the Science Based Targets initiative – Not all companies have had their target assessed by the SBTi. If your company has set a target and has self-assessed it to be science-based, but has not had it approved by the SBTi, or it is currently being reviewed by the SBTi, please select this option. You should use the Please explain column to explain why you believe your target to be science-based. Do not select this option if your target has been rejected by the SBTi. If you are currently in the process of revising your target to meet SBTi criteria, indicate this by selecting "No, but we anticipate setting one in the next 2 years."
- No, but we are reporting another target that is science-based – Another target (absolute or intensity) disclosed is science-based, either in another row in this table, or in C4.1a.
- No, but we anticipate setting one in the next 2 years – While not necessary, it is recommended that the company publicly state this through the Call to Action commitment to set a science-based target.
- No, and we do not anticipate setting one in the next 2 years – No science-based targets have been set and there are no plans in place to set one in the next 2 years.

Please explain (including target coverage) (column 12)

- Please include additional information, specifically on target coverage (Scope 1, Scope 1+2, boundaries, exclusions etc)
- If the target is not company-wide (i.e. it does not apply to the whole company in line with your definition of the reporting boundary), provide further details of your target coverage in this column.
- You can use this column to identify where you have a financial year or average year-based target.
- If your target is part of a wider carbon neutrality goal, a regulatory requirement, or a longer-term target, you can also explain this here.

Additional information

Science-based targets

- Nearly 200 nations at COP21 wrote into the Paris Agreement that globally we will aim to limit warming to below 2°C and pursue efforts to limit warming to under 1.5°C. However, there is a yawning gap between the level of ambition of the country commitments and targeted temperatures. Companies, which are responsible for a vast majority of the world's emissions, must play a critical role in filling the gap left by country commitments by raising the level of ambition in their target setting and reducing their emissions in line with climate science.
- Science-based target setting methods enable companies to set emissions targets that are consistent with conserving the remaining global emissions budget. A number of factors are taken into consideration in order to determine what is most appropriate for a given company.
- Companies are very strongly encouraged to have their targets officially evaluated by the Science Based Targets initiative (SBTi). CDP considers targets approved by the initiative to reflect best practices in science-based target setting.
- Regardless of submission to SBTi, companies are expected to report emissions reductions targets in their CDP response. Targets that did not pass the SBTi's review process or that have not been submitted for review prior to the deadline will still be evaluated using the information disclosed by each company in their CDP response. See the Technical Note for more details.

[SME1.4c] Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.

Question dependencies

This question only appears if you select "No target" in response to SME1.4.

Rationale

As setting a target is a pre-requisite for leadership in environmental practice, data users need to understand why companies do not have active targets guiding environmental strategy.

Response options

Please complete the following table:

Primary reason	Five-year forecast	Please explain
Select from: • We are planning to introduce a target in the next two years • Important but not an immediate business priority • Judged to be unimportant, explanation provided • Lack of internal resources • Insufficient data on operations • No instruction from management • Other, please specify	Text field [maximum 2,400 characters]	Text field [maximum 2,400 characters]

Requested content

General

- If you select “Other, please specify,” provide a label for the "Primary reason".

Five-year forecast (column 2)

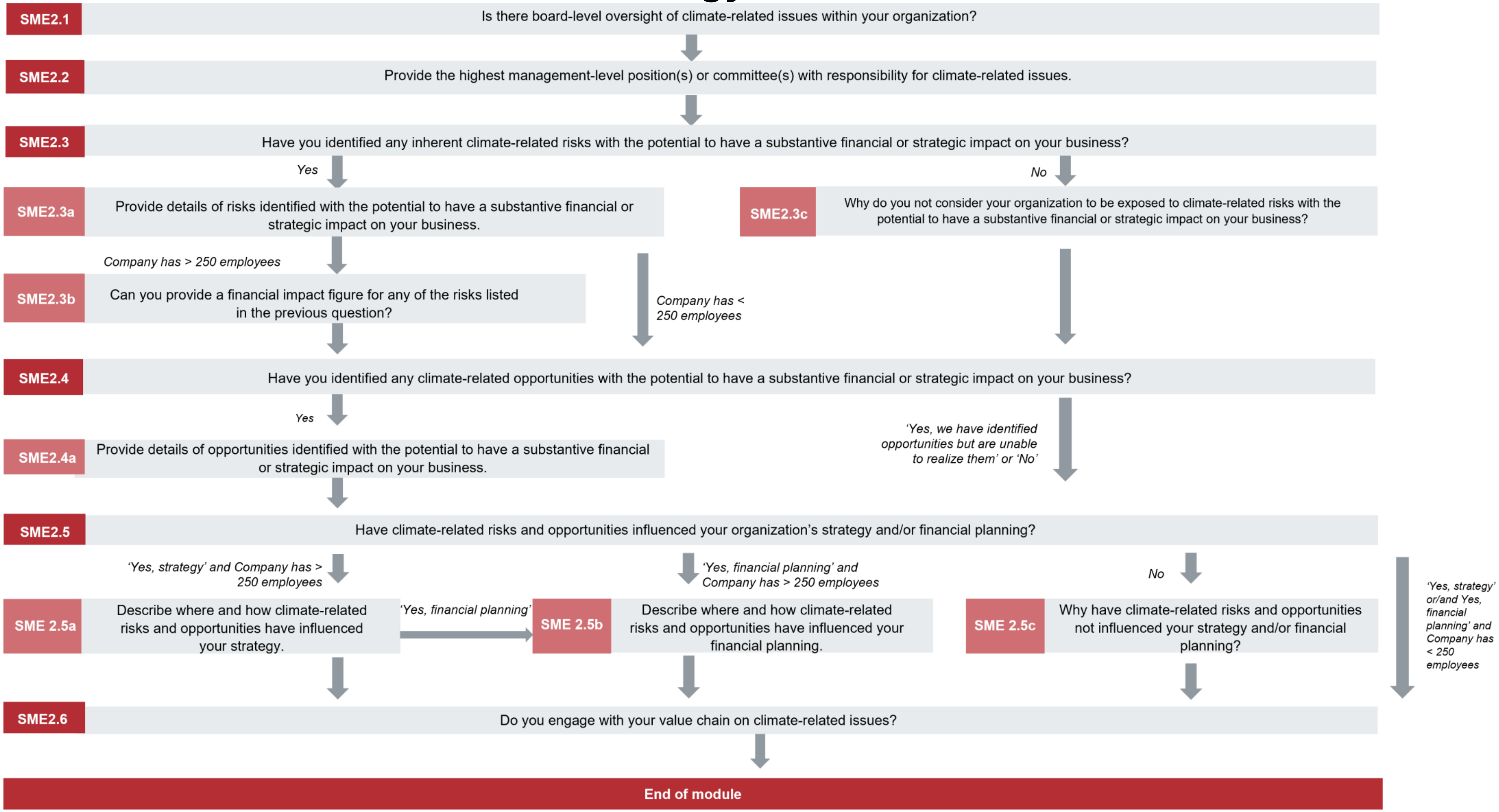
- Provide a qualitative and quantitative description of how you forecast your emissions will change over the next five years.
- It is acknowledged that this forecast will be an estimate, but it is expected that companies will:

  - forecast the expected direction of change (e.g. whether their emissions will increase, decrease or experience no change overall over the next five years).
  - provide a quantitative description of the forecasted change in emissions (e.g. Scope 1 emissions forecasted to decrease by 30 metric tons CO_2e/ Scope 1 and Scope 2 emissions forecasted to increase by 10%/ Scope 3 emissions forecasted to decrease by 20%).
  - provide a brief description of the reasons you forecast this change, or in the unlikely event no change, in emissions over the next five years. For example, this could be due to forecasted changes in output or expected emissions reduction activities.

Please explain (column 3)

- Provide an explanation of why you do not have a target and the timeline to implement one, if applicable.

SME2 Governance, Risks, & Strategy



[SME2.1] Is there board-level oversight of climate-related issues within your organization?

Rationale

This question provides an indication of the importance of climate-related issues to your business. Investors and other data users are interested in an organization's understanding and approach to climate-related risks at the board level; how aligned this is with business strategy, policies, and performance objectives; and how the board monitors progress against targets and goals. This question supports TCFD's Governance recommendation a) Describe the board's oversight of climate-related risks and opportunities.

Connection to other frameworks

SDG
Goal 12: Responsible consumption and production

Response options

Is there board-level oversight of climate-related issues within your organization?	Please explain
Select from: • Yes • No	Text field [maximum 2,500 characters]

Requested content

General

- Consider whether the board and/or board committees take account of climate-related issues when reviewing and guiding their business strategy, major plans of action, risk management policies, annual budgets, and budget plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.
- If your organization has board-level oversight of risk assessment that includes climate-related risks, select "Yes".
- Best practice includes defining the frequency of board oversight, the governance mechanisms involved, and the scope of board oversight in the "please explain" column.

Note for financial services sector companies:

- Consider whether the board and/or board committees have oversight of climate-related issues in relation to the financial activities undertaken by your organization such as lending, financial intermediary, investment and/or insurance underwriting activities, in addition to operational activities.

Explanation of terms

- **Board**: Or "Board of Directors" refers to a body of elected or appointed members who jointly oversee the activities of a company or organization. Some countries use a two-tiered system where "board" refers to the "supervisory board" while "key executives" refers to the "management board". The definition of a board for SMEs is flexible; please provide more detail on the board structure and level of oversight in the "please explain" section.

Additional information

For further information on board-level oversight in governance, see TCFD's recommendations, CDP's technical note on the TCFD's recommendations and "How to Set Up Effective Climate Governance on Corporate Boards - Guiding principles and questions" (World Economic Forum, 2019).

[SME2.2] Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Rationale

While it is most important for a member of the board to have responsibility for climate-related issues, assigning management-level responsibility indicates to CDP data users that the organization is committed to implementing its climate-related strategy.

Connections to other frameworks

TCFD
Governance recommended disclosure b) Describe management's role in assessing and managing climate related risks and opportunities.

SDG
Goal 12: Responsible consumption and production

Response options

Please complete the following table. You are able to add rows by using the "Add Row" button at the bottom of the table.

Position or committee	Climate-related responsibility of this position	Reporting line	Frequency of reporting to the board on climate-related issues via this reporting line	Please explain
Select from: • Chief Executive Officer (CEO) • Chief Financial Officer (CFO) • Chief Operating Officer (COO) • Chief Procurement Officer (CPO) • Chief Risks Officer (CRO) • Chief Sustainability Officer (CSO) • Chief Government Relations Officer (CGRO) • Chief Technology Officer (CTO) • Other C-Suite Officer, please specify • President • General Counsel • Risk committee • Sustainability committee • Safety, Health, Environment and Quality committee • Corporate responsibility committee • Other committee, please specify • Business unit manager • Energy manager • Environmental, Health, and Safety manager • Environment/Sustainability manager • Facility manager • Process operation manager • Procurement manager • Public affairs manager • Risk manager • There is no management level responsibility for climate-related issues • Other, please specify	Select all that apply: • Managing annual budgets for climate mitigation activities • Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D) • Managing climate-related acquisitions, mergers, and divestitures • Providing climate-related employee incentives • Developing a climate transition plan • Implementing a climate transition plan • Integrating climate-related issues into the strategy • Conducting climate-related scenario analysis • Setting climate-related corporate targets • Monitoring progress against climate-related corporate targets • Managing public policy engagement that may impact the climate • Managing value chain engagement on climate-related issues • Assessing climate-related risks and opportunities • Managing climate-related risks and opportunities • Other, please specify	Select from: • Reports to the board directly • CEO reporting line • Risk - CRO reporting line • Finance – CFO reporting line • Operations – COO reporting line • Corporate Sustainability/CSR – CSO reporting line • Other, please specify	Select from: • More frequently than quarterly • Quarterly • Half-yearly • Annually • Less frequently than annually • As important matters arise • Not reported to the board	Text field [maximum 3,000 characters]

[Add Row]

Requested content

General

- Provide details of the highest management-level position or committee with a responsibility for climate-related issues.
- Note that this question asks about the position and not about the names of the staff holding these positions. Do not include the name of any individual or any other personal data in your response.

Position or committee (column 1)

- Select the best match for the position/committee in your organization, or select "Other, please specify".
- The list includes senior positions that may sometimes but not always be at board level. Select one of those positions only if the individual has management responsibility for climate-related issues.
- If there is more than one senior position/committee with management-level responsibility for climate-related issues and you would like to describe this, you may use the "Add Row" button. This is optional. In this case, ensure that the position/committee with the highest level of responsibility is in the top row of the table.
- If you select “There is no management level responsibility for climate-related issues", provide your organization’s rationale for that in column 5 “Please explain”.

Climate-related responsibilities of this position (column 2)

- This column does not appear if “There is no management level responsibility for climate-related issues” is selected in column 1 “Position or committee”.

Reporting line (column 3)

- This column does not appear if “There is no management level responsibility for climate-related issues” is selected in column 1 “Position or committee”.
- Select the best match for the reporting line that oversees the position/committee with responsibility for climate-related issues.

Frequency of reporting to the board on climate-related issues via this reporting line (column 4)

- This column does not appear if “There is no management level responsibility for climate-related issues” is selected in column 1 “Position or committee”.

Please explain (column 5)

- Provide a rationale as to why the climate-related responsibilities selected in column 2 have been assigned to this position/committee.
- State the processes by which the position/committee is informed of and monitors climate-related issues.

Explanation of terms

- **Highest management-level position(s) or committee(s)**: The most senior individual or committee with operational responsibility for the implementation of decisions taken at the board level and day-to-day management.

[SME2.3] Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Rationale

Investors and data users are interested in learning whether your organization has knowledge at the corporate level of any substantive climate-related risks, across any part of your value chain.

Connection to other frameworks

TCFD

Strategy recommended disclosure a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.

SDG

Goal 13: Climate action

Response options

Select from:

- Yes
- No

Requested content

General

- Please indicate if you have identified any inherent climate-related risks.
- For the purposes of this response, the risks reported should only be those which:

  - May pose substantive financial or strategic impacts

  - Are inherent (risks that exist in the absence of controls, i.e. not taking into account any potential mitigation or management measures that have been or could be implemented).

Note for financial services sector companies:

- For the purposes of this response, the risks reported should be inherent and have the potential for substantive impacts on your investing, financing, underwriting and/or operational activities. Further details can be provided in subsequent questions.

[SME2.3a] Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Question dependencies

This question only appears if you select “Yes” in response to SME2.3.

Rationale

Your response to this question will allow data users to see, in one place, details of the risks posed to your organization by climate-related issues, and also the estimated potential financial impact of these risks at the corporate level and your response strategy to manage these risks.

Connection to other frameworks

TCFD

Strategy recommended disclosure a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.

Strategy recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

SDG
Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options

Please complete the following table. You are able to add rows by using the "Add Row" button at the bottom of the table.

Identifier	Where in the value chain does the risk driver occur?	Risk type	Primary climate-related risk driver	Primary potential financial impact	Company- specific description	Time horizon	Likelihood	Magnitude of impact
Risk1 - Risk100	Select from: • Direct Operations • Upstream • Downstream	Select from: • Current regulation • Emerging regulation • Legal • Technology • Market • Reputation • Acute physical • Chronic physical	*See drop-down options below*	Select one of the following options: • Increased direct costs • Increased indirect (operating) costs • Increased capital expenditures • Increased credit risk • Increased insurance claims liability • Decreased revenues due to reduced demand for products and services • Decreased revenues due to reduced production capacity • Decreased access to capital • Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets • Other, please specify	Text field [maximum 2,500 characters]	Select from: • Short-term • Medium-term • Long-term • Unknown	Select from: • Virtually certain • Very likely • Likely • More likely than not • About as likely as not • Unlikely • Very unlikely • Exceptionally unlikely • Unknown	Select from: • High • Medium-high • Medium • Medium-low • Low • Unknown

[Add Row

Primary climate-related risk driver drop-down options (column 4)

Select one of the following options:

Current regulation • Carbon pricing mechanisms • Enhanced emissions-reporting obligations • Mandates on and regulation of existing products and services • Other, please specify Emerging regulation • Carbon pricing mechanisms • Enhanced emissions-reporting obligations • Mandates on and regulation of existing products and services • Other, please specify Legal • Exposure to litigation • Other, please specify Technology • Substitution of existing products and services with lower emissions options • Unsuccessful investment in new technologies • Transitioning to lower emissions technology • Other, please specify	Market • Changing customer behavior • Uncertainty in market signals • Increased cost of raw materials • Other, please specify Reputation • Shifts in consumer preferences • Stigmatization of sector • Increased stakeholder concern or negative stakeholder feedback • Other, please specify Acute physical • Increased severity and frequency of extreme weather events such as cyclones and floods • Increased likelihood and severity of wildfires • Other, please specify Chronic physical • Changes in precipitation patterns and extreme variability in weather patterns • Rising mean temperatures • Rising sea levels • Other, please specify

Requested content

General

- For the purposes of this response, the risks reported should only be those which may pose inherently substantive impacts in your business operations, revenue, or expenditure, regardless of whether or not the company has taken action to mitigate the risk(s).

Identifier (column 1)

- Select a unique identifier from the drop down menu provided to identify the risk in subsequent questions, if required, and to track the status of the risk in subsequent reporting years.

Where in the value chain does the risk driver occur? (column 2)

- Upstream value chain refers to activities, products and services that are inputs to the activities of your business, sourced from third parties. This may include the regulations and policies applied by governments; the products and services provided by your suppliers (i.e. the supply chain).
- Downstream value chain refers to the third parties benefiting from the outputs, products and services of your business activities. This may be your customers and clients, or the organizations and projects your business invests in.

Risk type (column 3)

- See explanation of terms for definitions of risk types.

Primary climate-related risk driver (column 4)

- Risk driver describes the source of the risk and will depend on the risk type chosen in column 3. Select an option that best describes the primary risk driver of the identified risk from the drop-down menu.

Primary potential financial impact (column 5)

- This column refers to the potential financial impact that the risk could have on your organization. The financial impacts of climate-related issues on organizations are not always clear or direct, and for many organizations there might be more than one financial impact associated with a climate-related risk. Select the option from the drop-down menu that you evaluate as having the biggest impact.

Company-specific description (column 6)

- Provide further contextual information on the risk driver, including more detail on the exact nature, location and/or regulation of the effect concerned, as well as any notable geographic/regional examples.

- Be sure to include company-specific detail, such as references to activities, programs, products, services, methodologies, or operating locations specific to your company's business or operations.

Time Horizon (column 7)

- As defined by the company.

Likelihood (column 8)

- The likelihood of the impact occurring along with the magnitude of the impact are the building blocks of a risk/opportunity matrix – a common method of identifying and prioritizing risk and opportunities.
- The likelihood refers to the probability of the impact to your business occurring within the time horizon provided, which in the case of an inherent risk might be similar to the probability of the climate event itself.
- For example, if the risk relates to a piece of new legislation which has already been prepared in draft form, the likelihood of the impact associated with that risk occurring will be relatively high.

Magnitude of impact (column 9)

- The magnitude describes the extent to which the impact, if it occurred, would affect your business. You should consider the business as a whole and therefore the magnitude can reflect both the damage that may be caused and the exposure to that potential damage.
- For example, two companies may have identical facilities located on a coast in an area which is vulnerable to sea level rise. However, if company A relies on that facility for 90% of its production capacity and company B relies on it for only 40% of its production capacity, the magnitude of a sea level rise impact on company A will be comparatively higher than that on company B.
- It is not possible for CDP to accurately define terms for magnitude as they will vary from company to company. For example, a 1% reduction in profits will have different effects on different companies depending on the profit margins on which they work. Therefore, companies are asked to determine magnitude on a qualitative scale. Factors to consider include:
  - The proportion of business units affected;
  - The size of the impact on those business units; and
  - The potential for shareholder or customer concern.

Note for oil and gas sector companies:

- In answering the questions above, please consider the impact of national and international emissions targets and how those could affect demand for oil and gas products. Will they lead to your company having a less carbon-intensive fuel mix? Will fuel efficiency standards affect the demand for fuel? Are there other instances where demand is likely to reduce due to regulation?
- Is your company affected by other types of regulation such as restrictions on flaring, or by requirements for a certain level of climate-related performance in order to receive permission to operate and/or as a condition of accessing new oil & gas resources? (e.g. a requirement for carbon sequestration).
- Companies are encouraged to include these drivers in the response to this question and explain how their portfolio of reserves is evolving in response to these drivers (in the Comment column).

Note for electric utility sector companies:

- Electric utilities are asked to consider, among other issues:
  - How national and international targets on demand management might affect demand for electricity;
  - The impacts of related policies such as building regulations specifying more energy-efficient buildings;
  - Policies to increase renewable electricity supply or to support developments that may result in GHG emissions reductions, e.g. CO_2 capture and storage, clean coal technologies and energy storage;
  - The impacts of any emissions trading schemes and any emissions reduction targets you have set or with which you have to comply, including the analysis of possible scenarios and their effect on the company;
  - The effects on wholesale and retail power prices of carbon prices in the different markets in which you operate and the extent to which carbon prices are passed through, or may in the future be passed through, into electricity prices in the markets, based on current and anticipated regulatory requirements.

Note for auto and auto component manufacturing companies:

- Please consider the financial and strategic implications of current and planned national, regional, and international policies for increasing automobile fuel efficiency and developing "clean" engines for each of the markets in which you operate. You should also consider how other related environmental policies, such as regulations and standards regarding air quality, use of alternative fuels, and sustainable mobility could further impact your business.
- Specifically, you should take into account how climate change policy could impact you in terms of sales, the financial cost of any loss or potential loss of market share, additional costs of complying with regulation and, if applicable, how you have or will pass increased costs down the value chain.

Note for agricultural sector companies:

- Agricultural companies should report on risks that may affect the revenue associated with the agricultural/forestry, processing/manufacturing and/or distribution. These risk are often driven by:
  - Physical factors, e.g. extreme weather events that disrupt production/supply of raw materials.
  - Changes in regulation pertaining to agricultural, processing, manufacturing, distribution and/or consumption activities.
  - Changes in consumer demands and new market trends

Note for companies with coal reserves:

- Companies with coal reserves can refer to CDP Technical Note: Guidance for companies with coal reserves for more information on disclosing demand and stranded asset risk.

Note for financial services sector companies:

- For the purposes of this response, the risks reported should be inherent and have the potential for substantive impacts on your investing, financing, underwriting and/or operational activities, regardless of whether any action has been taken to respond to the risk(s).
- Consider providing a description of risks by sector and/or geography, as appropriate. This can be provided in the "Company-specific description" (column 6).
- Both physical and transition risks in your investing, financing, underwriting, and/or operational activities should be considered, including the risk of stranded assets. These are assets that are no longer economically viable as a result of climate-related transition or physical risks.
- Banks:
  - Banks should describe significant concentrations of credit exposure to carbon-related assets.
  - Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities.
- Insurance companies:
  - Insurance companies should consider climate-related risks on re-/insurance portfolios by geography, business division, or product segments, including the following risks:
    - Physical risks from changing frequencies and intensities of weather-related perils;
    - Transition risks resulting from a reduction in insurable interest due to a decline in value, changing energy costs, or implementation of carbon regulation; and
    - Liability risks that could intensify due to a possible increase in litigation. For example, the risk of an increase in claims for defense costs in relation to directors and officers (D&O) liability.
  - Additionally, as an asset owner, please also describe the climate-related risks relevant to your investment portfolio.
- Asset managers:
  - Asset managers should consider climate-related risks for each product or investment strategy.

Note for real estate companies:

- Since real estate is a location-bound and a long-term investment, it is highly exposed to climate-related risks. Commercial real estate companies should consider stranding risks - the devaluation or non-performance of assets, thus making them 'stranded'.
- Stranded assets may be subject to write-downs due to:
  - Demand shifts towards sustainable properties, putting pressure on 'non-green' assets;
  - Higher exposure to acute physical risks (storms, flooding, wildfires, etc.);

Notes for capital goods sector companies:

- All the end markets supplied to by the capital goods sector face increasing regulation and decarbonization targets; from building standards to mandated technologies for power generation. Companies in this sector are therefore indirectly exposed to risks in their value chain, and should consider, among other issues, risks associated with:
  - Carbon pricing regulation and stricter emissions constraints on products and services;
  - Shifts in end-market demand away from fossil fuel dependent technologies.

Explanation of terms

- **Climate-related risks**: TCFD divides climate-related risks into two major categories: risks related to the transition to a lower-carbon economy and risks related to the physical impacts of climate change.
- Transition risks
  - Current and emerging regulation – policy developments that attempt to constrain actions that contribute to the adverse effects of climate change or policy developments that seek to promote adaptation to climate change;
  - Technology – all risks associated with technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system;
  - Legal – all climate-related litigation claims;
  - Market – all shifts in supply and demand for certain commodities, products, and services;
  - Reputation – all risks tied to changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy.
- Physical risks
  - Acute – risks that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods;
  - Chronic – longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

- **Likelihood:** The terms used to describe likelihood are taken from the Intergovernmental Panel on Climate Change's (IPCC) 2013 reports. They are associated with probabilities, indicating the percentage likelihood of the event occurring. It is not necessary for respondents to have calculated probabilities for the risks they are considering, however they can give an indication as to the meaning of the terms:
  - Virtually certain: 99–100% probability
  - Very likely: 90–100%;
  - Likely: 66–100%;
  - More likely than not: 50–100%;
  - About as likely as not: 33–66%;
  - Unlikely: 0–33%;
  - Very unlikely: 0-10%;
  - Exceptionally unlikely: 0–1%.
- **Direct costs**: Also known as "costs of goods or services sold". These expenses can be attributed to the manufacture of a particular product or the provision of a particular service.
- **Indirect (operating) costs**: Refers to the essential expenses incurred in order to maintain the business including wages, rent, transport, energy (electricity, fuel, etc.), maintenance, and so on. These expenses cannot be attributed to the manufacture of a particular product or the provision of a particular service - they are standard costs that apply regardless of the volume of goods produced.
- **Capital expenditure**: A measure of the value of purchases of fixed assets such as property, buildings, an industrial plant, technology, or equipment. Put differently, CapEx is any type of expense that a company capitalizes, or shows on its balance sheet as an investment, rather than on its income statement as an expenditure.
- **Revenue**: Income arising in the course of an entity's ordinary activities (less returns, allowances and discounts) - before deducting costs for the goods/services sold and operating expenses to arrive at profit (based on the International Financial Reporting Standard)
- **Access to capital:** Cash flows from sources other than an organization's sales and other revenues. It includes cash infusions from investors or securing lines of credit with banks and other lenders.

[SME2.3b] Can you provide a financial impact figure for any of the risks listed in the previous question?

Question dependencies

This question only appears if you select "Yes" in response to SME2.3 AND if you answer that you have > 250 employees in SME0.4.

Rationale

Larger companies may be required to report financial impact figures of risk under certain emerging regulatory reporting requirements.

Connection to other frameworks

TCFD

Strategy recommended disclosure a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.
Strategy recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

SDG

Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options

Please complete the following table. The table is displayed over several rows for readability. You are able to add rows by using the "Add Row" button at the bottom of the table.

Identifier	Are you able to provide a potential financial impact figure?	Potential financial impact figure ($USD)	Explanation of financial impact figure	Cost of response to risk ($USD)	Description of response and explanation of cost calculation	Comment
Risk1 - Risk100	Select from: • Yes • No, we do not have this figure	Numerical field [enter a number from 0 to 999,999,999,999,999 using up to 2 decimal places]	Text field [maximum 2,500 characters]	Numerical field [enter a number from 0-999,999,999,999,999 using a maximum of 2 decimal places]	Text field [maximum 2,500 characters]	Text field [maximum 2.500 characters]

[Add Row]

Requested content

Identifier (column 1)

- All identifiers must match what was inputted in the previous question (SME2.3a)

Are you able to provide a potential financial impact figure? (column 2)

- It is acknowledged that these figures will be estimates.
- If you are unable to provide a figure for a financial impact, you may use column 4 "Explanation of financial impact" to provide a description of the impact in relative terms; for example, as a percentage relative to a stated or publicly available figure, or give a qualitative estimate of the financial impact.

Potential financial impact figure (currency) (column 3)

- Provide a single figure for the inherent financial impact of the risks (before taking into consideration any controls you may have in place to mitigate the impacts). This figure should be in USD.
- An example would be the cost of destruction of facilities from extreme weather (before taking into consideration how much insurance coverage you have).

Explanation of financial impact figure (column 4)

- Use this open text field to explain the figure provided in the "Potential financial impact" (column 3);
- Describe how you arrived at this figure, including:
  - What approach was employed to calculate the figure;
  - The figures used in your calculation;
  - Any assumption the figure is dependent on.
- If "No, we do not have this figure" was selected in column 2, use this column to provide a description of the financial impact in relative terms (for example as a percentage relative to a stated or publicly available figure) or give a qualitative estimate of the financial impact. Otherwise, if you have no information about the financial impact, please state "The impact has not been quantified financially".

Cost of response to risk (column 5)

- Provide a quantitative figure for the cost of your risk response actions. If there are no costs to responding to the risk, enter 0.
- If you cannot provide absolute values, you may provide a percentage value by entering 0 in this column and then report the percentage figure in column "Description of response and explanation of cost calculation" (column 6), including an explanation for how the percentage was calculated.
- This figure should be in USD.

Description of response and explanation of cost calculation (column 6)

- Provide details of your organization's response to mitigate, control, transfer or accept the risk.
- Include an example of company-specific risk responses actions (activities, projects, products and/or services).
- Provide an explanation of how the figure for the cost of managing the risk (in column 5) was calculated, including the figures used in your calculation.

Comment (column 7) (optional)

- You can use this text field to enter any additional relevant information.

[SME2.3c] Why do you not consider your organization to be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Question dependencies

This question only appears if you select "No" in response to SME2.3.

Rationale

A risk assessment may identify no substantive climate-related risks. This conclusion is important to disclose and explain. Knowing why your organization has concluded that it is not exposed to risks is crucial for data users to understand your business.

Response options

Please complete the following table:

Primary reason	Please explain

Select from: • Risks exist, but none with potential to have a substantive financial or strategic impact on business • Evaluation in process • Not yet evaluated • Other, please specify	Text field [maximum 2,500 characters]

Requested content

Primary reason (column 1)

- Select the reason that best describes why you consider your organization to not be exposed to climate-related risks with the potential to have a substantive financial or strategic impact on your business.

Please explain (column 2)

- Your explanation should include company-specific details such as your evaluation process or specific reasons why you have not yet conducted a risk assessment or why there are no climate-related risks to your organization.

[SME2.4] Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Rationale

Investors and data users wish to know whether your organization has identified at the corporate level any substantive climate-related opportunities, presented across any part of your value chain.

Connection to other frameworks

TCFD
Strategy recommended disclosure a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.

SDG
Goal 13: Climate action

Response options

Select from:

- Yes
- Yes, we have identified opportunities but are unable to realize them
- No

Requested content

General

- Regulation on climate change as well as physical changes related to climate may present opportunities for your organization in a variety of ways, for example through the adoption of low-emission energy sources, the development of new products and services and access to new markets. Further details of such opportunities are provided in the reporting guidance for Module 2 in in the CDP Climate Questionnaire.
- Please note that opportunities can be:

  - Currently being experienced or expected to arise in the future
  - Being managed or newly identified
  - Well understood or with high levels of uncertainty with regard to the likelihood of the opportunity materializing and the extent to which it will impact the business

Note for financial services sector companies:

- For the purposes of this response, the opportunities reported should be inherent and have the potential for substantive impacts on your investing, financing, underwriting and/or operational activities. Further details can be provided in subsequent questions.

[SME2.4a] Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Question dependencies

This question only appears if you select “Yes” in response to SME2.4.

Rationale

Your response to this question will allow CDP data users to see details of the opportunities posed to your organization by climate-related issues, and also the estimated potential scale of these opportunities at the corporate level and your response strategy to take advantage of these opportunities.

Connection to other frameworks

TCFD
Strategy recommended disclosure a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.

Strategy recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

SDG
Goal 7: Affordable and clean energy
Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options

Please complete the following table. You are able to add rows by using the "Add Row" button at the bottom of the table.

Identifier	Where in the value chain does the opportunity occur?	Opportunity type	Primary climate-related risk driver	Primary potential financial impact	Company- specific description	Time horizon	Likelihood	Magnitude of impact
Opp1 - Opp100	Select from: • Direct Operations • Upstream • Downstream	Select from: • Resource efficiency • Energy source • Products and Services • Markets • Resilience	*See drop-down options below*	Select one of the following options: • Reduced direct costs • Reduced indirect (operating) costs • Increased revenues resulting from increased demand for products and services • Increased revenues through access to new and emerging markets • Increased revenues resulting from increased production capacity • Increased access to capital • Increased value of fixed assets • Increased diversification of financial assets • Returns on investment in low-emission technology • Other, please specify	Text field [maximum 2,500 characters]	Select from: • Short-term • Medium-term • Long-term • Unknown	Select from: • Virtually certain • Very likely • Likely • More likely than not • About as likely as not • Unlikely • Very unlikely • Exceptionally unlikely • Unknown	Select from: • High • Medium-high • Medium • Medium-low • Low • Unknown

[Add Row]

Primary climate-related opportunity driver drop-down options (column 4)

Select one of the following options:

Resource efficiency • Use of more efficient modes of transport • Use of more efficient production and distribution processes • Use of recycling • Move to more efficient buildings • Reduced water usage and consumption • Other, please specify Energy source • Use of lower-emission sources of energy • Use of supportive policy incentives • Use of new technologies • Participation in carbon market • Shift toward decentralized energy generation • Other, please specify	Markets • Access to new markets • Use of public-sector incentives • Access to new assets and locations needing insurance coverage • Other, please specify Resilience • Participation in renewable energy programs and adoption of energy-efficiency measures • Resource substitutes/diversification • Other, please specify

Products and services • Development and/or expansion of low emission goods and services • Development of climate adaptation, resilience and insurance risk solutions • Development of new products or services through R&D and innovation • Ability to diversify business activities • Shift in consumer preferences • Other, please specify	

Requested content

General

- For the purposes of this response, the opportunities identified should only be those which may pose substantive impacts in your business operations, revenue, or expenditure.

Identifier (column 1)

- Select a unique identifier from the drop down menu provided to identify the opportunity in subsequent questions, if required, and to track the status of the opportunity in subsequent reporting years.

Where in the value chain does the opportunity occur? (column 2)

- Upstream value chain refers to activities, products and services that are inputs to the activities of your business, sourced from third parties. This may include the regulations and policies applied by governments; the products and services provided by your suppliers (i.e. the supply chain).
- Downstream value chain refers to the third parties benefiting from the outputs, products and services of your business activities. This may be your customers and clients, or the organizations and projects your business invests in.

Opportunity type (column 3)

- Select an option from the drop-down menu that best describes the type of the identified opportunity:
  - Resource efficiency – opportunities related to improving resource efficiency across production and distribution processes, buildings, machinery/appliances, and transport/mobility.
  - Energy source - opportunities related to shifting energy usage toward low emission energy sources.
  - Products and services - opportunities related to innovation and development of new low-emission and climate adaptation products and services.
  - Markets – opportunities in new markets or types of assets that may help organizations to diversify their activities and better position themselves for the transition to a lower-carbon economy.
  - Resilience – opportunities related to the development of adaptive capacity to respond to climate change. They may be especially relevant for organizations with long-lived fixed assets or extensive supply or distribution networks; those that depend critically on utility and infrastructure networks or natural resources in their value chain; and those that may require longer-term financing and investment.

Primary climate-related opportunity driver (column 4)

- Opportunity driver describes the source of the opportunity and will depend on the opportunity type selected in column 3. Select an option from the drop-down menu that best describes the identified opportunity. If you select “Other”, please provide further details in column Company-specific description (column 6).

Primary potential financial impact (column 5)

- This column refers to the potential financial impact that the opportunity could have on your organization. The financial impacts of climate-related opportunities on organizations are not always clear or direct, and for many organizations there might be more than one financial impact associated with a climate-related opportunity;
- Select the option that you deem to have the biggest impact.

Company-specific description (column 6)

- Provide further context on the opportunity driver, including more detail on the exact nature, location, and/or regulation of the effect concerned, as well as any notable geographic/regional examples.
- Be sure to include company-specific detail, such as references to activities, programs, products, services, methodologies, or operating locations specific to your company’s business or operations.

Time Horizon (column 7)

- As defined by the company.

Likelihood of impact (column 8)

- The likelihood of the impact occurring, along with the magnitude (see below) are the building blocks of a risk/opportunity matrix – a common method of identifying and prioritizing risk and opportunities.

- The likelihood refers to the probability of the impact to your business occurring within the time horizon provided, which in the case of an inherent opportunity might be similar to the probability of the climate event itself.
- For example, if the opportunity relates to a piece of new legislation which has already been prepared in draft form, the likelihood of the impact associated with that opportunity occurring will be relatively high.

Magnitude of impact (column 9)

- The magnitude describes the extent to which the impact, if it occurred, would affect your business. This should consider the business as a whole and therefore the magnitude can reflect both the opportunity and the extent to which it applies throughout the organization.
- It is not possible to accurately define terms for magnitude as they will vary from company to company. Therefore, companies are asked to determine magnitude on a qualitative scale. Factors to consider include:
  - The proportion of business units affected;
  - The size of the impact on those business units; and
  - The potential for shareholder or customer response.

Note for electric utility sector companies:

- In answering the questions above, please consider:
  - Opportunities that may arise from emissions trading;
  - The opportunities that national or international targets on energy efficiency and demand management might present for your company e.g. revenue implications from energy services business units;
  - Your company's views on any opportunities that may result from policies on renewable energy or low emissions technologies e.g. current or planned investments in these areas; and
  - The extent to which you receive financial incentives to reduce the electricity use of customers.

Note for agricultural sector companies:

- Agricultural companies should report on opportunities that the revenue associated with the agricultural/forestry, processing/manufacturing and/or distribution of raw materials and goods. For example, opportunities might arise from:
  - Increased efficient by reducing energy use during the production of raw materials and/or the manufacture of food, beverage and other goods;
  - Reduced costs due to carbon payments by adopting practices or technology to reduce carbon footprint;
  - Government of private financial incentives for adoption low impact agriculture/forestry.

Note for financial services sector companies:

- Consider opportunities associated with products and services such as green bonds, green infrastructure, green loans/mortgages, green insurance products, products and services ensuring resiliency, specialty climate-related risk advisory services and others.
- You should consider providing a description of your opportunities by sector and/or geography, as appropriate.

Note for capital goods sector companies:

- In line with the TCFD's recommendations, companies in this sector should consider opportunities for products or services that improve efficiency, reduce energy use and support closed-loop product solutions.

Explanation of terms

- **Likelihood:** The terms used to describe likelihood are taken from the Intergovernmental Panel on Climate Change's (IPCC) 2013 reports. They are associated with probabilities, indicating the percentage likelihood of the event occurring. It is not necessary for respondents to have calculated probabilities for the risks they are considering, however they can give an indication as to the meaning of the terms:
  - Virtually certain: 99–100% probability;
  - Very likely: 90–100%;
  - Likely: 66–100%;
  - More likely than not: >50–100%;
  - About as likely as not: 33–66%;
  - Unlikely: 0–33%;
  - Very unlikely: 0-10%;
  - Exceptionally unlikely: 0–1%.
- **Direct costs**: Also known as "costs of goods or services sold". These expenses can be attributed to the manufacture of a particular product or the provision of a particular service.
- **Indirect (operating) costs**: Refers to the essential expenses incurred in order to maintain the business including wages, rent, transport, energy (electricity, fuel, etc.), maintenance, and so on. These expenses cannot be attributed to the manufacture of a particular

product or the provision of a particular service - they are standard costs that apply regardless of the volume of goods produced.

- **Revenue**: Income arising in the course of an entity's ordinary activities (less returns, allowances and discounts) - before deducting costs for the goods/services sold and operating expenses to arrive at profit (based on the International Financial Reporting Standard)
- **Access to capital**: Cash flows from sources other than an organization's sales and other revenues. It includes cash infusions from investors or securing lines of credit with banks and other lenders.

[SME2.5] Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Rationale

Investors and data users are interested in forward-looking strategies and financial decisions that are driven by future market opportunities, public policy objectives, and corporate responsibilities. This and the following questions allow organizations to disclose whether they have acted upon integrating climate-related risks and opportunities into their business strategy. Developing a low-carbon transition plan could provide certainty to investors, and other stakeholders, that a company is aligning to the long-term climate goals and that its business model will continue to be relevant in a net-zero carbon economy.

Connection to other frameworks

TCFD
Strategy recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

SDG
Goal 13: Climate action

Response options

Select one or more of the following options:

- Yes, strategy
- Yes, financial planning
- No

Requested content

General

- You should answer "Yes, strategy" if climate-related risks and opportunities have already impacted your strategy.
- You should answer "Yes, financial planning" if climate-related risks and opportunities have already impacted your strategy or financial planning.
- You should answer "No" if climate-related risks and opportunities have had no influence on your company's overall strategy for developing your business or your financial planning.

Note for financial services sector companies:

- You should answer "Yes" when one of the following considerations have influenced your strategy and/or financial planning:

  - The need to understand how climate-related risks and opportunities will impact your client relationships, financial products and services, investments and/or operations; and/or

  - The need to provide financial flows to capitalize on opportunities presented by the transition to a low-carbon, climate-resilient future.

Explanation of terms

- **Strategy**: In line with the TCFD recommendations, refers to an organization's desired future state. An organization's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organization's activities and the nature of its businesses, taking into account the risks and opportunities it faces and the environment in which it operates.
- **Financial planning**: In line with the TCFD recommendations, refers to an organization's consideration of how it will achieve and fund its objectives and strategic goals. Financial planning allows organizations to assess future financial positions and determine how resources can be utilized in pursuit of short- and long-term objectives. As part of financial planning, organizations often create "financial plans" that outline the specific actions, assets, and resources (including capital) necessary to achieve these objectives over a 1- 5 year period. However, financial planning is broader than the development of a financial plan as it includes long-term capital allocation and other considerations that may extend beyond the typical 3-5 year financial plan (e.g., investment, research and development, manufacturing, and markets).

[SME2.5a] Describe where and how climate-related risks and opportunities have influenced your strategy.

Question dependencies

This question only appears if you select "Yes, strategy" in SME2.5 AND if you answer that you have > 250 employees in SME0.4.

Rationale

Investors and data users are interested to know how climate-related risks and opportunities may have affected organizations' strategies. Answers to this question may be used to inform expectations about the future performance of an organization and on how resilient its strategy is to climate-related risks and opportunities.

Connection to other frameworks

TCFD
Strategy recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

SDG
Goal 12: Responsible consumption and production
Goal 13: Climate action

Response options

Please complete the following table:

Business area	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Select from: • Yes • No • Evaluation in progress • Not evaluated	Text field [maximum 2,400 characters]
Supply chain and/or value chain		
Investment in R&D		
Operations		

Requested content

General

- Each row in the table corresponds to a possible area of impact in a company's business. For each row, select how climate-related risks and opportunities have affected your strategy in this area.
- This question is intended to focus on the group business strategy – meaning the full corporate body on which you are reporting. However, if it is more appropriate, you may wish to comment on divisional (business unit) strategies. If you are responding to the request from a supply chain member, please also include information specific to your requesting member, i.e. relevant business units.

Description of influence (column 3)

- Describe how your strategy in this area has been influenced by climate-related risks and opportunities and the time horizon(s) it covers;
- Specify if this includes any climate change adaptation and mitigation activities.
- Include the most substantial strategic decision(s) in this area to date that have been influenced by the climate-related risks and opportunities;
- If a certain strategic decision was informed by the climate-related scenario analysis, please specify that.
- If your strategy in this area has not been influenced by climate-related risks and opportunities, explain why not.
- If the evaluation of influence is still in progress, include a company-specific description of the evaluation process used, and when it is expected to be completed.

Note for oil & gas companies, electric utilities, automotive and automotive component manufacturers, and companies with coal reserves:

- Please refer to the sector specific guidance for the risks and opportunities questions before answering this question.
- The guidance contains a number of issues that investors want these sectors to consider in answering the risks and opportunities questions and you may wish to draw together some of these issues in your answers to questions on the integration of climate change into business strategy.
- Please provide a complete answer to these questions on business strategy in the input fields provided. Do not cross-refer to the risks and opportunities answers in your response to this question.

Note for oil & gas sector companies:

- Discuss, if relevant, your methodology for the integration of regulatory and physical climate change risks into the company strategy, investment decisions and risk management, including the assumptions used.
- Where possible, provide illustrative examples of the assumptions made in specific investment decisions.
- You should also discuss - again if relevant - the diversification of your portfolio into lower-carbon and non-fossil fuel products (e.g. natural gas, biofuels, renewable energy) and strategy for development of carbon capture and sequestration technology, including technology areas of focus, and distinctive areas of strength your company believes it holds.

Please give the methodology used for the integration of future carbon prices into your hydrocarbon exploration strategy and investment decisions, with the assumptions used. Where possible, provide illustrative examples of the assumptions made in specific investment decisions.

Note for electric utility sector companies:

- Discuss any work to incorporate renewable energy, carbon capture & sequestration, cleaner coal technologies and energy storage into your strategy.

Note for transport OEMs sector companies:

- Discuss the impact on your strategy for your products at group level and, where relevant, for specific markets, including any related targets for GHG emissions performance (expressed as gCO_2e/unit distance) and include a reference to any regulatory drivers and the baseline against which performance is measured.
- Discuss expansion into hybrid/fully electric vehicles and fuel cell technology, if relevant.

Note for companies with coal reserves:

- Companies with coal reserves can refer to CDP Technical Note: Guidance for companies with coal reserves on how to disclose demand and stranded asset risk.

Note for financial services companies:

- The climate-related risks and opportunities to be considered in this question refer to lending, financial intermediary, investment and/or insurance underwriting activities of your organization, in addition to your operational activities.
- Banks:
  - Describe the potential impacts of climate-related risks and opportunities on your core businesses, products and services, including:
    - Information at the business division, sector or geography, credit quality and average tenor levels;
- Asset managers/Asset owners:
  - Under "Supply chain and/or value chain" describe how climate-related risks and opportunities are factored into your investment strategies and investee selection.
  - Also describe how each product or investment strategy may be affected by the transition to a lower-carbon economy.
- Insurance companies:
  - Describe the potential impacts of climate-related risks and opportunities on your core businesses, products and services, including:
    - Information at the business division, sector or geography levels;
  - As asset owners, insurance companies should describe how climate-related risks and opportunities are factored into relevant investment strategies – in the business' value chain. This could be described from the perspective of the total fund or investment strategy or individual investment strategies for various asset classes.

Explanation of terms

Note for financial services sector companies:

- **Products and services:** All products and services in the organization's lending, investing and insurance underwriting business as well as other products and services including financial intermediary activities that are not part of core financing activities such as financial guarantees, M&A, securities underwriting, bond issuance, etc.
  - Therefore, if climate-related risks and opportunities influenced your bank lending or insurance underwriting strategy, you should select "Yes" or "Yes, for some" as appropriate for "Products and services".

Example response

Business area	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Risks and opportunities related to the growing demand from customers for transparency, naturality, and food and drinks with low carbon footprint, (as reported in C2.3a Risk 6 and C2.4a Opportunity 8) have influenced our product-related strategy and product portfolio. In June 2019, our Board of Directors made a Global Transparency and Sustainability Pledge, committing to increasing the share of plant-based products in the portfolio, using more natural ingredients in our flagship brands such as Pantheon Peanut Butter, Red Rose Beetroot Paste, Gracious Hummus and increasing transparency on our packaging (e.g. disclosure of the presence of any synthetic or GMO ingredients on product labels). This gives consumers a greater variety of products and improved ability to choose them, while providing a high-quality product offering, benefiting the producers as well as preserving natural resources, promoting biodiversity, improving soil health and water quality, and reducing carbon emissions. We aim to have implemented changes to our products and packaging in line with the pledge by December 2020, prioritizing our consumer base in North America and Europe.
Supply chain and/or value chain	Evaluation in progress	Since we source 80% of our raw materials from drought-prone India and severe water stress is increasing every year, we have started placing more emphasis on conducting risk assessments for extreme weather events. In December 2019, the Board decided to employ a team of external consultants to work on developing a supply chain transparency tool. This tool will allow us to gather important information about our supply network (including sub-tier suppliers), so that we can better assess our vulnerability to natural disasters and other risks across our global supply chain. The supply chain transparency tool is expected to be fully functional by September 2020 and will be central in informing our supply chain strategy going forward.
Investment in R&D	No	Climate-related risks and opportunities have not yet influenced our R&D investment strategy, as we are initially focused on evaluating the risks and opportunities relating to our operations, supply chain and existing products and services, ensuring our business strategy is aligned in accordance with these. We expect to begin evaluating the impact of risks and opportunities on our R&D expenditures in 2020.
Operations	Yes	National and sub-national jurisdictions that account for about half of the global economy now have carbon pricing systems (as disclosed in C2.3a Risk 2). This trend is on the rise and could result in increased operational costs for our company. For example, a carbon price of €32/ton would increase our operational costs to €25.1m in Europe. This has led to our Board's strategic decision to join RE100 and commit to transition to 100% renewable electricity by 2030, with an intermediary step of 40% by 2022. In 2019, 38 of our production sites in Europe ran on 100% renewable energy and we purchased 37% of our total electricity from renewable sources such as wind farms and hydropower plants (compared with 22% in 2018). As part of this strategy, all our new plants will have renewable power generation facilities on site.

[SME2.5b] Describe where and how climate-related risks and opportunities have influenced your financial planning.

Question dependencies

This question only appears if you select "Yes, financial planning" in SME2.5 AND if you answer that you have > 250 employees in SME0.4.

Rationale

This question is seeking to understand where the identified risks and opportunities may have influenced your financial statements, and how this has been incorporated into your financial planning process.

Connection to other frameworks

TCFD

Strategy recommended disclosure b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Response options

Please complete the following table:

Financial planning elements that have been influenced	Description of influence
Select all that apply: • Revenues • Direct costs • Indirect costs • Capital expenditures • Capital allocation • Acquisitions and divestments • Access to capital • Assets • Liabilities • None of the above	Text field [maximum 5,000 characters]

Requested content

General

- Climate-related issues can affect several important aspects of an organization's financial position, both now and in the future. For example, climate-related issues may have implications for an organization's capital expenditures. In turn, capital expenditures will determine the nature and amount of fixed assets, how these depreciate over time and the proportion of debt and equity to be funded on an organization's balance sheet. Climate-related issues may also carry implications for future cash flows (operating, investing, and financing activities). This question seeks to establish whether climate-related issues have already had implications on your financial planning.

Description of influence (column 2)

- Provide details on how climate-related risks and opportunities have influenced the selected elements of your financial planning. Including a case study for at least one of the elements selected.
- Specify the time horizons this planning covers.
- If you selected "None of the above", explain if there is another element of financial planning that has been influenced; or why climate-related risks and opportunities have not yet influenced your financial planning.

Note for financial services sector companies:

The climate-related risks and opportunities to be considered in this question refer to lending, financial intermediary, investment and/or insurance underwriting activities of your organization, in addition to your operational activities.

- Banks:
  - Describe the potential financial impacts of the identified climate-related risks and opportunities on your core businesses, products and services. For example, you may do this by translating climate risk data into probability of default, total committed exposure and/or exposure at default.
- Insurance companies:
  - Describe the potential financial impacts of climate-related risks and opportunities on your core businesses, products and services. For example, you may do this by translating climate risk data into probability of default and/or exposure at default.
  - As asset owners, insurance companies should describe how climate-related risks and opportunities may affect the financial returns of investment strategies. This could be described from the perspective of the total fund or investment strategy or individual investment strategies for various asset classes.
- Asset managers:
  - Where appropriate, describe how climate-related risks and opportunities may affect the financial returns of relevant products or investment strategies.
  - Asset managers should also describe how each product or investment strategy might be affected by the transition to a lower-carbon economy.

Explanation of terms

- **Financial planning**: in line with the TCFD recommendations, refers to an organization's consideration of how it will achieve and fund its objectives and strategic goals. Financial planning allows organizations to assess future financial positions and determine how resources can be utilized in pursuit of short- and long-term objectives. As part of financial planning, organizations often create "financial plans" that outline the specific actions, assets, and resources (including capital) necessary to achieve these objectives over a 1- 5 year period. However, financial planning is broader than the development of a financial plan as it includes long-term capital allocation and other considerations that may extend beyond the typical 3-5 year financial plan (e.g., investment, research and development, manufacturing, and markets).
- **Revenue**: Income arising in the course of an entity's ordinary activities (less returns, allowances and discounts) - before deducting costs for the goods/services sold and operating expenses to arrive at profit (based on the International Financial Reporting Standard)
- **Direct costs**: Also known as "costs of goods or services sold". These expenses can be attributed to the manufacture of a particular product or the provision of a particular service.
- **Indirect costs**: Also known as 'operating cost' or 'overheads'. This generally refers to the essential expenses incurred in order to maintain the business including wages, rent, transport, energy (electricity, fuel, etc.), maintenance, and so on. These expenses cannot be attributed to the manufacture of a particular product or the provision of a particular service - they are standard costs that apply regardless of the volume of goods produced.
- **Capital allocation**: refers to distributing and investing a company's financial resources in ways that will increase its efficiency, and maximize its profits. Some options for allocating capital could include returning cash to shareholders via dividends, repurchasing shares of stock, issuing a special dividend, or increasing a research and development (R&D) budget. Alternatively, the company may opt to invest in growth initiatives, which could include acquisitions and organic growth expenditures.
- **Capital expenditure**: Capital expenditure is a measure of the value of purchases of fixed assets such as property, buildings, an industrial plant, technology, or equipment. Put differently, CapEx is any type of expense that a company capitalizes, or shows on its balance sheet as an investment, rather than on its income statement as an expenditure.
- **Acquisition**: Obtaining ownership and control by one firm, in whole or in part, of another firm or business entity.
- **Divestment**: A process for selling assets for financial, environmental, political or social goals. In the progression to a low-carbon economy, organizations are recognizing climate-related transition and physical risks posed to minimize exposure to stranded assets (assets that have suffered unanticipated or premature write-downs, devaluations or conversion to liabilities).
- **Access to capital**: Cash flows from sources other than an organization's sales and other revenues. It includes cash infusions from investors or securing lines of credit with banks and other lenders.
- **Assets**: Entities functioning as stores of value and over which ownership rights are enforced by institutional units, individually or collectively, and from which economic benefits may be derived by their owners by holding them, or using them, over a period of time (the economic benefits consist of primary incomes derived from the use of the asset and the value, including possible holding gains/losses, that could be realized by disposing of the asset or terminating it).
- **Liabilities**: An obligation which requires one unit (the debtor) to make a payment or a series of payments to the other unit (the creditor) in certain circumstances specified in a contract between them.

Example Response

Financial planning elements that have been influenced	Description of influence
Capital expenditures	In 2017 our organization introduced an internal price on carbon into our capital expenditures approval process, with the aim to redirect investments towards clean technologies, lower-carbon solutions, and renewable energy projects across our operations and supply chain. We conducted a benchmark study and decided to set the price at a relatively high level, 36€/tCO2e, to internalize the potential future cost of carbon in the long term. Returns on investments are assessed with the impact of the carbon implication. This enables management to arbitrate between different options and to choose the most virtuous and efficient ones in order to achieve our organization's strategic goals. This is a long-term measure, and the price will be periodically reviewed and updated. As a direct result of this implemented internal price on carbon we have approved a project of installing solar panels in our factories in Spain that will reduce our demand for purchased energy by 30% in the next 5 years.

[SME2.5c] Why have climate-related risks and opportunities not influenced your strategy and/or financial planning?

Question dependencies

This question only appears if you select "No" in response to SME2.5.

Rationale

As a comprehensive business strategy which incorporates climate-related risks and opportunities is best practice and key to successfully managing these issues, investors are keen to learn why some companies do not integrate climate change and its related effects/components into the overarching business strategy. Understanding why organizations are not in line with best practice will enable investors to evaluate those organizations' overall approach and potential resilience to climate change.

Response options

This is an open text question with a limit of 5,000 characters.

Requested content

General

- Your answer should be company-specific and include:
  - Why climate-related risks and opportunities have not influenced your business strategy and/or financial planning, and;
  - Whether you expect them to in the future. For example, climate change may have little effect on your business because of the nature of your goods/services. In that case, please give as complete an explanation as possible.

Note for oil and gas sector companies:

- Discuss, if relevant, your methodology for the integration of regulatory and physical climate change risks into the company strategy, investment decisions and risk management, including the assumptions used.
- Where possible, provide illustrative examples of the assumptions made in specific investment decisions. You should also discuss - again if relevant - the diversification of your portfolio into lower-carbon and non-fossil fuel products (e.g. natural gas, biofuels, renewable energy) and strategy for development of carbon capture and sequestration technology, including technology areas of focus, and distinctive areas of strength your company believes it holds.
- Please givethe methodology used for the integration of future carbon prices into your hydrocarbon exploration strategy and investment decisions, with the assumptions used. Where possible, provide illustrative examples of the assumptions made in specific investment decisions.

Note for electric utility sector companies:

- Please discuss any work to incorporate renewable energy, carbon capture & sequestration, cleaner coal technologies and energy storage into their strategy.

Note for transport OEMs sector companies:

- Discuss the impact on your strategy for your products at group level and, where relevant, for specific markets, including any related targets for GHG emissions performance (expressed as gCO_2e/unit distance) and include a reference to any regulatory drivers and the baseline against which performance is measured.
- Discuss expansion into hybrid/fully electric vehicles and fuel cell technology, if relevant

[SME2.6] Do you engage with your value chain on climate-related issues?

Rationale

The majority of most companies' emissions occur outside their direct operations. In order to truly reduce global emissions, companies must engage with their value chain on climate-related issues. This question seeks to ascertain which companies are engaging in the best practice of working with upstream and downstream partners to reduce negative environmental impacts.

Connection to other frameworks

SDG
Goal 12: Responsible consumption and production

Response options

Select all that apply from the following options:

- Yes, our suppliers
- Yes, our customers/clients
- Yes, other partners in the value chain
- No, we do not engage

Requested content

General

- Select all that apply for the reporting year, however if you select “No, we do not engage” do not select any of the other options.
- Select yes, only if you have engagements that cover GHG emissions and/or climate-related strategies (i.e. target setting, renewable energy procurement, etc.).
- Other partners in the value chain are any companies that you work with in your up- or downstream activities that are not your suppliers or customers. For example, you could select this option if you engage with your franchisees on GHG emissions and climate change strategies.

  - Note that employees can be treated as value chain partners if they are making their own decisions on, for example, how they commute to work. However, if employees are under direction of their manager for business travel then they should not be treated as external to the organization; in this instance, the value chain partner is the provider of the business travel, not the employee.

Note for financial services sector companies:

- Consider your engagement activity with customers/clients and investee companies to encourage better disclosure and practices around climate-related risks.

SME3 Water Security

SME3.1 What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

SME3.2 Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

SME3.3 In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

End of module

[SME3.1] What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

Question dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Water Risk Matrix.

Rationale

This question incentivizes companies to have a complete view of their water balance at the corporate level and to assess anticipated forward trends in water demand, encouraging a transition towards business models which do not pose threats to rivers, lakes, aquifers, and streams.

Total volumes can indicate the organization's relative significance as a user of water and provide a baseline figure for other calculations. Along with trend data, these volumes can also suggest the level of risk posed by future disruptions to water supplies or increases in the cost of water.

Water consumption measures water that is no longer available for use by the ecosystem or local community in the reporting period. Reporting the volume of water consumption contributes to an organization's understanding of the overall scale of its impact due to water withdrawal on downstream water availability.

Connection to other frameworks

SDG
Goal 6: Clean water and sanitation

S&P Global Corporate Sustainability Assessment
Water Consumption
Water Use

CEO Water Mandate
Current state: Performance

Response options

Please complete the following table:

Water aspect	Volume (megaliters/year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain

Total withdrawals	Numerical field [enter a range of 0 to +/- 999,999,999,999 using a maximum of two decimal places]	Select from: • Much lower • Lower • About the same • Higher • Much higher • This is our first year of measurement	Select from: • Change in accounting methodology • Divestment from water intensive technology/process • Facility closure • Facility expansion • Increase/decrease in business activity • Increase/decrease in efficiency • Investment in water-smart technology/process • Maximum potential volume reduction already achieved • Mergers and acquisitions • Unknown • Other, please specify	Select from: • Much lower • Lower • About the same • Higher • Much higher • Unknown	Select from: • Change in accounting methodology • Divestment from water intensive technology/process • Facility closure • Facility expansion • Increase/decrease in business activity • Increase/decrease in efficiency • Investment in water-smart technology/process • Maximum potential volume reduction already achieved • Mergers and acquisitions • Unknown • Other, please specify	Text field [maximum 2,000 characters]
Total discharges						
Total consumption						

Requested content

General

- This question is asking you to report aggregated company-wide volumetric data. If you do not have the aggregated data, if you are estimating or extrapolating to provide complete coverage, give an explanation in column 4 (Please explain). **Note** that a zero should only be used for reporting zero volumes and not for an absence of data.
- Refer to CDP's water accounting definitions before completing this question. **Report volumetric data in megaliters per year for the reporting year** (the time period you stated in response to SME0.3). (1 megaliter = 1 million liters or 1,000 m^3).
- **Cooling water**: Cooling water (freshwater or sea water) is often withdrawn in large quantities and discharged back to its original source with negligible losses or variation in quality. However, this should be included in your water accounts.
- **Rainwater**: If a company is managing rainwater (for example, by harvesting for use or storage, or to prevent flooding), or is dependent on it for production of goods or the delivery of services, it should try to estimate and disclose it as a withdrawal from the hydrological system into the company boundary. Note that in some jurisdictions rainwater is considered a withdrawal source and organizations are required to report its collection and use.
  - Companies may choose to exclude collected rainwater and domestic sewage from their water withdrawal/discharge volumes only if the resulting error in their water balance would be less than 5%. (This avoids your discharge volumes being larger than your withdrawals).
  - Including rainwater helps companies better understand their water dependency and risks. For some companies, precipitation/rainwater volumes may constitute a principal input of water at site level. This includes run-off where it has to be managed. In these cases, excluding rainwater from water accounting – withdrawal and discharge - would not be a true reflection of site water balance. In addition, there may be reduced impacts from using rainwater in place of other local freshwater sources.

Volumes (column 1)

- If you do not have data, please leave the relevant box blank. Do NOT report 0.
- Report volumetric data in megaliters per year for the reporting year (the time period you stated in response to SME0.3). (1 megaliter = 1 million liters or 1,000 m^3).
- For withdrawals, data may be collected from several sources, including "water meters, water bills, calculations derived from other available water data or the organization's own estimates (if neither water meters nor bills or reference data exist).
- Before deciding whether your withdrawals, discharges or consumption can be reported as zero (0), please refer to CDP's Technical Note on Water Accounting Definitions.
- If reporting "zero consumption", remember to check your discharge volumes.

Comparison with previous reporting year / Five-year forecast (columns 2, 4)

- CDP does not define the threshold for considering a value as 'much higher' rather than simply 'higher' (or 'much lower'/'lower'). CDP requests this information from many different industries with huge variations in water use, and it would therefore be difficult to provide a universal threshold that is meaningful (as proportions will equate to different absolute values and impacts).
- CDP recommends that you define your own threshold for what is 'much higher' (and 'much lower') and apply it consistently so that the reported data for this question is comparable and data users can track your water accounts more effectively each year. A company-specific explanation for these thresholds should be provided in column 6 (Please explain).
- The threshold defined for 'much higher'/'higher' (and 'much lower'/'lower') should be the same for column 2 and column 4.

- **Comparison with previous reporting year:** If the data was not previously reported, but was collected, you may choose to indicate a comparison with the previous year or select "This is our first year of measurement". In either case, use the "Please explain" column to provide details about the information reported.

Primary reason for comparison with previous reporting year / Primary reason for forecast (columns 3, 5)

- Select the most significant reason.
- 'Maximum potential volume reduction already achieved' refers to situations where water saving limits have been reached – for example where a closed-loop water recycling system has been put in place and further water reductions are not feasible.

Please explain (column 6)

- Include any contextual information necessary to understand your primary reason for the comparison with previous reporting year and the five-year forecast, and how the volumetric data have been compiled, such as any standards, methodologies, and assumptions used.
- If you have left column 1 blank because you do not have the data, describe the barriers to reporting that data and any plans to collect and report it.
- Describe the thresholds for what is 'much higher' and 'much lower' for the change in volumes from previous reporting year and the five-year forecasts.
- If there is any level of uncertainty in your 'Total' figures in column 1, or if there is an estimated figure, you should explain it in this field and give the range of uncertainty. Uncertainty can arise from data gaps, assumptions, metering/measurement constraints including equipment accuracy, data management, etc.
- **Note:** CDP expects withdrawals, discharges and consumption figures to balance (approximately; +/- 5%) so if there is a good reason why this cannot happen, it should be explained in here.

Please explain – additional guidance for consumption volume (row 3)

- For the "water consumption" row, you should indicate if your figure is based on an aggregation of local measurements, an aggregation of local calculations, or is a company-wide calculation (for example using withdrawals minus discharges).
- If known, please provide a breakdown of this figure (with reference to CDP's definition of consumption) and a brief explanation. Breakdowns include:

  - Volume incorporated into products, crops or waste;
  - Volume evaporated or transpired;
  - Volume consumed by humans or livestock;
  - Net volume stored in a controlled manner;
  - Net volume stored for future use;
  - Volumes otherwise excluded from discharges out of the organization's boundary.
- It is important that you explain a negative consumption figure where this is the case. This would indicate that your discharges are larger than your withdrawals for the reporting year - due to a net release of water from storage, for example.

Explanation of terms

- **Water balance:** An account of the volumes of water flowing into and leaving an organization across its boundary. When the two volumes are equal, the net water balance will be zero.
- **Water consumption:** The amount of water that is drawn into the company boundary and not discharged back to the water environment or a third party. It is important to distinguish the term 'consumption' from the term 'water withdrawal' or 'water use'. Water consumed is water that during the reporting year:

  - has been incorporated into products, crops or waste;
  - has evaporated or transpired;
  - consumed by humans or livestock;
  - has been stored in a controlled manner because it is polluted to the point of being unusable by other users, and so that it does not leave the organization's boundary;
  - has been stored during the reporting year for use or discharge in a subsequent reporting period;
  - is otherwise excluded from discharges out of the organization's boundary so that it is no longer available for use by the ecosystem or local community.

  Consumption may be measured directly or modelled, or it can be calculated by subtracting the total water discharge from company boundary from total water withdrawn into the company boundary during the reporting period. As CDP data users require comparability, all disclosing companies should use this method.

  If the company discharges more water than it withdraws, for example, because it has used and then discharged previously stored water, a negative consumption value is possible. This would indicate a net contribution to the water environment in the reporting year.
- **Water discharges – total volumes:** The sum of effluents and other water leaving the organization's boundary and released to surface water, groundwater or to third parties over the course of the reporting year. This includes all water leaving the company boundary, whether it is:

  - considered used or unused;

- released through a defined discharge point (point source discharge), or;
- released over land in a dispersed or undefined manner (non-point source discharge), or as;
- wastewater removed from the organization via truck.

Water discharge can be authorized (in accordance with discharge consent) or unauthorized (if discharge consent is exceeded).

Example response

Water aspect	Volume (megaliters/ year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	*32,596,140*	*About the same*	*Increase/decrease in efficiency*	*Lower*	*Investment in water-smart technology/process*	*Description for ''comparison with previous reporting year" and "five-year forecast" thresholds: Deviation +/- 5% = about the same; Deviation between +/- 5-15% = higher / lower; Deviation > +/- 15% = much higher / lower.* *Water withdrawals remained about the same compared to the previous year despite an increase in production thanks to water efficiency measures and divestment from thermal coal operations. These actions form part of our 2020-2025 sustainability strategy.* *In the future, we expect withdrawals to decrease with increased investments in water-smart technologies, water efficiency measures, and water circularity.*
Total discharges	*23,827,590*	*Higher*	*Increase/decrease in efficiency*	*Lower*	*Investment in water-smart technology/process*	*Description for ''comparison with previous reporting year" and "five-year forecast" thresholds: Deviation +/- 5% = about the same; Deviation between +/- 5-15% = higher / lower; Deviation > +/- 15% = much higher / lower.* *The increase in total discharges can be explained by a decrease in water consumption as well as improved water efficiency.* *In the future, we expect water discharges to decrease with increased investments in water water-smart technologies, efficiency measures, and water circularity.*
Total consumption	*8,799,710*	*Lower*	*Divestment from water intensive technology/process*	*Lower*	*Investment in water-smart technology/process*	*Description for ''comparison with previous reporting year" and "five-year forecast" thresholds: Deviation +/- 5% = about the same; Deviation between +/- 5-15% = higher / lower; Deviation > +/- 15% = much higher / lower.* *Total water consumption figures are based on measured primary data on water withdrawal and water discharge at all operations (C= W – D).* *The lower consumption volume can be primarily attributed to divestment from thermal coal operations. Increases in water efficiency measures have also contributed to the decrease in water consumption.* *We expect water consumption to continue decreasing with the implementation of the remainder of our 2020-2025 sustainability strategy, including water-smart processes, water circularity and an optimized water management to achieve a continuous improvement of the water usage ration.*

[SME3.2] Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

Question dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Water Risk Matrix.

Rationale

Since water is a shared resource, and water-related impacts are localized, organizations are increasingly being encouraged to prioritize action in areas with water stress and to understand and respond to local contexts. This question on water from stressed areas supports a trend towards metrics for corporate water reporting and target setting informed by local context, and in addition, the TCFD recommends disclosure of reliance on water from areas of water stress. This question also incentivizes companies to assess anticipated forward trends in withdrawals from water stressed areas, encouraging a transition towards business models which do not pose threats to rivers, lakes, aquifers, and streams.
The data requested assists the assessment of your organization's dependence on potentially contested sources (regardless of whether your facility itself is located in a stressed area), as well as your potential impact on sensitive locations.

Water stress is a driver of business risk and, as it is likely to worsen, transparency is critical. Gaining an insight into the potential for an increased exposure to elevated business risk due to operations in water stressed areas is very important for the investor community, and this question allows data users to review the trend in dependency on water from stressed basins.

Knowledge of water-related hot spots helps your company identify where water stress may be affecting its operations, now or in the future, as well as to prioritize your sustainable water management practices.

Connection to other frameworks

SDG
Goal 6: Clean water and sanitation

S&P Global Corporate Sustainability Assessment
Exposure to Water Stressed Areas

GRI
Standard 303-3: Water withdrawal

CEO Water Mandate
Current state: Performance

Response options

Please complete the following table:

Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool	Please explain
Select from: • Yes • No • Unknown	Select from: • Less than 1% • 1-10 • 11-25 • 26-50 • 51-75 • 76-99 • 100% • Unknown	Select from: • Much lower • Lower • About the same • Higher • Much higher • This is our first year of measurement	Select from: • Change in accounting methodology • Divestment from water intensive technology/process • Facility closure • Facility expansion • Increase/decrease in business activity • Increase/decrease in efficiency • Investment in water-smart technology/process • Maximum potential volume reduction already achieved • Mergers and acquisitions • Unknown • Other, please specify	Select from: • Much lower • Lower • About the same • Higher • Much higher • Unknown	Select from: • Change in accounting methodology • Divestment from water intensive technology/process • Facility closure • Facility expansion • Increase/decrease in business activity • Increase/decrease in efficiency • Investment in water-smart technology/process • Maximum potential volume reduction already achieved • Mergers and acquisitions • Unknown • Other, please specify	Select all that apply: • WRI Aqueduct • WWF Water Risk Filter • Other, please specify	Text field [maximum 5,000 characters]

Requested content

General

- This disclosure does not request volumetric data – only a figure for the proportion of withdrawals from stressed areas. Please refer to CDP's water accounting definitions and the Explanation of terms for this question before completing the table.
- Organizations should report which approach/tool they use to assess whether their withdrawals are from a 'stressed area'. They should explain the approach taken and which data sets were used to assess 'water stress'.
- As good practice, a water-stressed area must be measured, at a minimum catchment level.
- Credible, publicly available tools for assessing levels of water stress include WRI Aqueduct Water Risk Atlas and WWF Water Risk Filter (see Additional information for more details about these tools).
- Commonly accepted global risk indicators to assess areas as water stressed in terms of quantity and their thresholds for reporting to CDP include:

  - Baseline water stress - equal to/greater than 'High': 40-80% (WRI Aqueduct).

  - Baseline water depletion - equal to/greater than 'High': 50-75% (WRI Aqueduct).

  - Water scarcity - equal to/greater than risk score 3 in the WWF Water Risk Filter, which is based on a multi-model approach including global risk indicators: Water depletion, Baseline water stress, Blue water scarcity, and Available Water Remaining (AWARE)
- Note: these global risk indicators account for water stress in terms of the quantity of water resource available. There are currently no commonly used tools/indicators which also take account of accessibility and water quality and which would reflect the CEO Water Mandate's more inclusive definition of water stress. This definition is adopted by CDP – see the Explanation of Terms for this question. The tools and indicators recommended will be reviewed over time.
- Organizations can complement the results of these tools with their own assessments or by using other methodologies. Some companies will use more granular level data and local knowledge of the basins in which they operate to assess which withdrawals are from stressed areas. For example, a company may consider its facility to be in a water-stressed sub basin or other smaller geographic level, though a global data set suggests that the particular catchment is not stressed.
- Many national and regional water authorities will also have suitable maps, databases and environmental assessments available. (These may be included in the FAO/AquaStat database, or in reports of progress against SDG 6.4.2.)

- Note that this question asks about the location of withdrawal sources rather than your facilities. In most cases, these will not be different at a catchment level. If you are supplying data based on the location of facilities, because you do not know the exact location of all your withdrawal sources, please indicate this in column 8.

Withdrawals are from areas with water stress (column 1)

- If you select 'No', columns 2 to 6 will not be presented.
- If you select 'Unknown', columns 2 to 7 will not be presented.

% withdrawn from areas with water stress (column 2)

- Your disclosure should include all withdrawals within stressed areas and all sources, including third party suppliers. The proportion is calculated as:

$$\frac{\text{Volume withdrawn in stressed areas}}{\text{Total volume for company-wide withdrawals}} \times 100$$

- 'Total volume of company-wide withdrawals' is the sum of all water drawn into the company boundary from all the relevant sources as disclosed in question SME3.1.
- Note that this question asks about the proportion of water withdrawn from all sources within stressed areas.
- You may provide an estimate and explain why in column 8.

Comparison with previous reporting year /Five-year forecast (columns 3, 5)

- CDP does not define the threshold for considering a value as 'much higher' rather than simply 'higher' (or 'much lower'/'lower'). CDP requests this information from many different industries with huge variations in water use, and it would therefore be difficult to provide a universal threshold that is meaningful (as proportions will equate to different absolute values and impacts). CDP recommends that you define your own threshold for what is 'much higher' (and 'much lower') and apply it consistently so that each year the reported data for this question is comparable and data users can track your water accounts more effectively. A company-specific explanation for these thresholds should be provided in column 8 ('Please explain').
- The threshold defined for 'much higher'/'higher' (and 'much lower'/'lower') should be the same for column 3 and column 5.
- **Comparison with previous reporting year:** If the data was not previously reported, but was collected, you may choose to indicate a comparison with the previous year or select "This is our first year of measurement". In either case, use the "Please explain" column to provide details about the information reported.

Primary reason for comparison with previous reporting year / Primary reason for forecast (columns 4, 6)

- Select the most significant reason.
- **'Maximum potential volume reduction already achieved'** refers to situations where water saving limits have been reached – for example where a closed-loop water recycling system has been put in place and further water reductions are not feasible.

Identification tool (column 7)

- Select the tool(s) your organization uses to identify whether its withdrawals are located in geographic areas of water stress.
- If you have used a different tool, methodology or data set, select 'Other, please specify' and provide a label for the tool/approach in the text field provided and give details in column 8.

Please explain (column 8)

- Use this field also to give more details about:
  - The proportion you reported in column 2; and
  - Any exclusions in your reporting.
  - Scope of assessments (full coverage or partial based on geographies, business unites, tiers of the supply chain, etc.)
- If your responses to column 2, 3 or 5 are partially or wholly estimated, please explain your approach to estimation.
- If you have selected a recommended tool in column 7, briefly describe how the selected tool was applied to evaluate whether water is withdrawn from stressed areas, including:
  - Which data sets are used; and
  - Frequency of assessments.
- If you have not used one of the tools recommended, briefly describe:
  - The tool used;
  - How "areas with water stress" are defined and identified, including the threshold applied; and
  - If possible, the methodology used such as the data sets that your assessment is based on (see Additional information).
- This question asks about the location of withdrawal sources rather than your facilities. Indicate if you are only able to supply data based on the location of facilities and give your reason.

- If desired, you may give an explanation of your company's management response to the exposure to business risks associated with the percentage disclosed in column 2, and your experience of working in water stressed areas. This is optional but may provide data users with context to better interpret the significance of the figures reported.
- If you selected 'Unknown' in column 1, explain why you have not assessed if any of your water withdrawals are from stressed areas, and if relevant, any plans for future assessment.

Explanation of terms

- **Water stress:** The ability, or lack thereof, to meet human and ecological demand for fresh water. Compared to scarcity, "water stress" is a more inclusive and broader concept. It considers several physical aspects related to water resources, including water availability, water quality, and the accessibility of water. It can also be based on subjective elements so that it is assessed differently depending on societal values, such as the suitability of water for drinking, the requirements to be afforded to ecosystems, and whether people can make use of the physically available water supplies. This is often a function of the infrastructure and the affordability of water, among other things. Consider for instance, a region may have abundant water resources (and thus not be considered water scarce), but it may have such severe pollution that those supplies are unfit for human or ecological uses. Consider also that a sector able to use any quality of water may enjoy more availability than another sector in the same catchment that depends on high quality water (based on the CEO Water Mandate's definition of water stress, Corporate Water Disclosure Guidelines, 2014).
  - **Area with water stress:** There is no universally accepted methodology for classifying an area as water stressed, nor for identifying whether facilities are located in a water stressed area. As good practice, a water stressed area should be at the catchment level as a minimum.
  - **Water scarcity:** Refers to the volumetric lack of freshwater resources. It is a human-driven concept; it is a function of the volume of human water consumption relative to the volume of water resources in a given area. As such, an arid region with very little water, but no human water consumption would not be considered "scarce," but rather "arid." Water scarcity (unlike *water stress*) is a physical, objective reality that can be measured consistently across regions and over time. Water scarcity reflects the physical abundance of fresh water rather than whether that water is actually suitable for use. For instance, a region may have abundant water resources but have such severe pollution that those supplies are unfit for human or ecological uses. This region would not be considered water scarce, but would be considered water stressed (based on the CEO Water Mandate's Corporate Water Disclosure Guidelines, 2014).
  - **Baseline water stress:** The ratio of total annual water withdrawals to total available annual renewable supply.
    - This measure is used in the World Resource's Institute Aqueduct tool and the WWF Water Risk Filter tool.
    - 'High' baseline water stress is when withdrawals are in the range of 40-80% of total annual available blue water. Extremely high baseline water stress is when withdrawals are >80% of availability of blue water.
  - **Water depletion:** The ratio of total water consumption to available renewable water supplies.
    - In the WWF Water Risk Filter (indicator 1.1) water depletion risk indicator is classified into five risk levels where a 75% threshold is exceeded on a dry-year basis (Medium risk), seasonal basis (High risk), or annual average basis (Very High risk).
    - In the WRI Aqueduct Tool, "Baseline water depletion" is a single scale not encompassing temporal fluctuations.
  - **Blue water scarcity:** The ratio of the blue water footprint to the total blue water availability, considering intra-annual variability. In the WWF Water Risk Filter (indicator 1.3) blue water scarcity risk indicator is classified into 5 risk levels, including where available blue water has been fully consumed (Medium risk), or environmental flow requirements are not met (High to Very High risk).
  - **Available water remaining (AWARE):** Available water remaining in a given basin relative to the world average, after human and aquatic ecosystem demands have been met. In the WWF Water Risk Filter (indicator 1.4) AWARE risk indicator is classified into five risk levels, including where water remaining is within the 3rd quintile (Medium risk), 4th quintile (High risk), or 5th quintile (Very High risk).

Additional information

More about water stress

There is no universally accepted methodology, criteria, or thresholds for classifying an area as water stressed. CDP's preferred approach to defining water stress is that of the CEO water mandate which goes beyond physical abundance to include whether the water is actually suitable and/or accessible for use (see CEO Water Mandate's definition of water stress, Corporate Water Disclosure Guidelines, 2014). However, the commonly used tools for assessing geographic areas are limited to physical criteria and datasets.

The tools are underpinned by some common and some different risk indicators and datasets (see table below). Other tools may use other data sets. Companies must determine which approach is most meaningful for their activities and the water contexts they operate in.

WRI Aqueduct Water Risk Atlas Tool

Risk indicator	Description
Baseline water stress = withdrawals as a percentage of available flow **Baseline water depletion** = consumption as a percentage of available flow	A customizable global atlas used to evaluate how water risk (and water stress) may affect operations (at watershed level). The global map can be tailored specifically for nine water-intense industry sectors including Oil & Gas, Agriculture and Chemicals. Note that the categories of 'Overall water risk' are based on a weighted selection of various physical, regulatory and reputational indicators. One of the 'Physical risk quantity' indicators is a water stress indicator ('Baseline water stress') and another is a water depletion indicator ('Baseline water depletion'). The Aqueduct interface allows users to easily change the settings so that just these particular indicators are shown. The Baseline water stress and Baseline water depletion indicators are based on a global dataset developed by the World Resources Institute and are also available as risk indicators in the WWF Water Risk Filter.

	For CDP disclosure, companies using Aqueduct should consider areas as 'water stressed' where baseline water stress equals or exceeds 40%, or baseline water depletion equals or exceeds 50%.

WWF Water Risk Filter

Risk indicator	Description
Depletion = the ratio of consumptive use to renewable available water **Baseline water stress** = withdrawals as a percentage of available flow **Blue water scarcity** = the ratio of the blue water footprint to the total blue water availability, considering intra-annual variability **Available water remaining (AWARE)** = available water remaining, after human and aquatic ecosystem demands have been met	As part of the WWF Risk Filter Suite, the WWF Water Risk Filter is a free online tool enabling companies to assess, value, and respond to water risks in their operations and supply chain. More specifically, companies can map and evaluate their (basin) water risk, including water scarcity risk (water stress in terms of quantity only). One risk category of physical risk is 'Water Scarcity'. The Water Scarcity risk score is calculated based on a multi-model approach which integrates the best available global water scarcity risk indicators: Water depletion, Baseline water stress, Blue water scarcity, and Available water remaining (AWARE). In general, higher values indicate larger impact on the local water supply and decreased water availability for downstream users. • The Water depletion indicator is based on the global dataset developed by Brauman et al. (2016) and is available as the risk indicator 1.0 in the WWF Water Risk Filter. • The Baseline water stress indicator is based on a global dataset developed by the World Resources Institute and is available as the risk indicator 1.2 in the WWF Water Risk Filter. • The Blue water scarcity is based on the global dataset developed by Mekonnen and Hoekstra (2016) and is available as risk indicator 1.3 in the WWF Water Risk Filter. • Available water remaining (AWARE) is based on the global dataset developed by Boulay et al. (2018) and is available as risk indicator 1.4 in the WWF Water Risk Filter. In addition, the Water Scarcity Risk Category incorporates other aspects that relate to physical water quantity challenges which can exacerbate water scarcity risk: aridity and drought. As every global water scarcity dataset is based on models using different assumptions and limitations, WWF recommends using the WWF Water Risk Filter risk category Water Scarcity which integrates multiple, reliable, peer-reviewed global datasets for a robust assessment of water scarcity risk at a global scale. For further information, see WWF's tutorial on How to use the WWF Water Risk Filter

Note about the SDGs and water stress

The UN Water's definition underpins reporting for SDG 6.4.2. This equates water stress only with volumetric availability: the ratio between total freshwater withdrawn by all major sectors and total renewable freshwater resources, after having taken into account environmental water requirements. Accordingly:

- An area of **low level water stress** is one where the combined withdrawal by all sectors is marginal in relation to the resources, and has therefore little potential impact on the sustainability of the resources or on the potential competition between users (UNWater - Integrated Monitoring Guide for SDG 6, 2016).
- An area of **high level water stress** indicates a situation where the combined withdrawal by all sectors represents a substantial share of the total renewable freshwater resources, with potentially larger impacts on the sustainability of the resources and potential situations of conflicts and competition between users (UNWater - Integrated Monitoring Guide for SDG 6 , 2016).

Note about water risk/stress/scarcity

Note that water stress and scarcity are just two types of *physical* risk drivers for water users. Beyond these, there are a variety of other physical pressures related to water risk, such as flooding, drought and infrastructure decay, as well as legal and reputational risks. (Refer to the CEO Water Mandate's Detailed Definitions for water scarcity, water stress and water risk).

[SME3.3] In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

Question dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Water Risk Matrix.

Rationale

Knowledge of compliance related fines and other non-financial penalties across your organization demonstrates an awareness by your organization of its impact on the local operating environment as well as the potential financial implications of its water management.

This information helps investors and other data users to gain some insight into the effectiveness of your control procedures at a corporate level.

Connection to other frameworks

S&P Global Corporate Sustainability Assessment
Environmental Violations

CEO Water Mandate
Current state: Compliance

Response options
Please complete the following table:

Water-related regulatory violations	Fines, enforcement orders, and/or other penalties	Comment
Select from: • Yes • No • Unknown	Select all that apply: • Fines • Enforcement orders or other penalties • Fines, but none that are considered as significant • Enforcement orders or other penalties but none that are considered as significant	• Text field [maximum 1,000 characters]

Requested content

General

- Note that this question asks about fines, penalties and/or enforcement orders that were issued to your company during the reporting year.
- You should not include information about fines and penalties that were issued to your company in a previous year but became payable in this year.

Water-related regulatory violations (column 1)

- Select 'Yes' if your organization has been penalized for a water-related regulatory violation during the reporting year, even if it was not considered as significant.

Fines, enforcement orders, and/or other penalties (column 2)

- This column is only presented if "Yes" is selected in column 1.

Comment (column 3) (optional)

- You may use this column to provide information that will help CDP data users to understand your selection, e.g., how you monitor water-related regulatory violations.

Explanation of terms

- **Enforcement order:** A non-financial restriction as punishment for a regulatory violation or other compliance offence. Examples of non-financial enforcement orders include removal of abstraction licenses or discharge consents.
- **Fine:** A specific type of penalty that requires payment of money as punishment for a regulatory violation or other compliance offence.
- **Penalty:** A punishment of any kind due to a regulatory violation or other compliance offence.

SME4 Forests

SME4.1	Select the forest risk commodities that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represent your organization's area of operation.
SME4.2	Disclose your production and/or consumption data.
SME4.3	For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.
SME4.4	Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?
SME4.5	Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

End of module

[SME4.1] Select the forest risk commodities that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represent your organization's area of operation.

Question Dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Forests Risk Matrix.

Rationale

This question clarifies your organization's exposure to the forest risk commodities and establishes the business activities for which you will be disclosing corporate data.

Connection to other frameworks

Afi

- Core Principle 12: Reporting, disclosure, and claims

Response options

Please complete the following table:

Forest risk commodity	Commodity disclosure	Stage of the supply chain	Are you disclosing information on embedded commodities?	Explanation if not disclosing
Timber products	Select from: • Disclosing • Not disclosing • This commodity is not produced, sourced or used by our organization	Select all that apply: • Production • Processing • Trading • Manufacturing • Retailing	Select from: • Yes • No, but we do have embedded commodities • No, because we have no embedded commodities • No, because we do not know if we have embedded commodities	Text field [maximum 2,400 characters]

Palm oil				
Cattle products				
Soy				
Other – Rubber				
Other – Cocoa				
Other – Coffee				

Requested content

General

- Your company should disclose information for all the forest-risk commodities (timber products, palm oil, cattle products and soy) it produces, sources or uses. In addition to raw materials, this includes processed ingredients and manufactured goods that contain forest risk commodities or their derivatives.
- Additionally, if your company produces, sources and/or uses natural rubber, coffee or cocoa or any products derived from these commodities, you can also choose to disclose information by filling in the row for "Other – Rubber", "Other – Cocoa", or "Other – Coffee".
- Commodity-specific response options in subsequent questions primarily focus on the key forest-risk commodities. If you are disclosing on any of the "Other" commodities (cocoa, rubber or coffee), you might have to use the "Other, please specify" dropdown to input the relevant information in responses to some of the subsequent questions.
- If you select 'Yes' in column 3 (Are you disclosing information on embedded commodities) information provided in SME4.3 should include embedded commodities.

Commodity disclosure (column 1)

- Indicate for **each** forest risk commodity whether you are "Disclosing", "Not disclosing" or if "This commodity is not produced, sourced or used by our organization".
- Select "Disclosing" if the forest risk commodity is produced, sourced or used by your organization **and** you are disclosing your corporate information about this commodity.
- **Note that only those commodity(ies) for which you select "Disclosing" will feature throughout the questionnaire (and subsequent modules will appear). For example, if you select "Timber products" and "Palm oil" here, only these options will appear in future questions.**
- If, at a later stage, you decide you want to add and disclose on a commodity, you will need to return to this question and add it by selecting "Disclosing" in the row for the relevant commodity.
- Select "Not disclosing" for each commodity that is produced, sourced or used by your organization but on which you will not be disclosing data.
- Select "This commodity is not produced, sourced or used by our organization" for each commodity that is not produced, sourced or used by your organization.
- **If you select "Not disclosing" or "This commodity is not produced, sourced or used by our organization" for all commodities, you will be directed to Module SME5 (Signoff).**

Stages of the supply chain (column 2)

- Select all the stages of the supply chain that correspond to your business activities linked to the forests risk commodity you are disclosing on. You can find definitions of each stage in the "Explanation of terms" section.
- If you are disclosing "Timber products" as an end-user/consumer in relation to the packaging of materials, select the stage of the supply chain that relates to your core business activity. For example, an online retailer that uses paper packaging should select "Retailing" in this column.
- Your selection(s) in this question will drive questions and response options that are specific to your organization's position in the supply chain.
- The selection of stages of the supply chain is per commodity you are disclosing on, as there might be differences between different commodities.

Are you disclosing information on embedded commodities? (column 3)

- Select 'Yes' if your CDP disclosure about a forests risk commodity will include information about embedded commodities.
- If you are not including embedded commodities, select the option that best explains why.

Explanation if not disclosing. (column 4)

- If you produce, process, manufacture, trade or sell raw materials/manufactured goods from a specific commodity but will not be disclosing on it as part of this information request, provide an explanation here.
- If you will not be disclosing on embedded commodities, use this column to provide further details on your selected reasoning in column 3.
- You should ensure that your response does not contain any significant commodity exclusions. Examples of significant exclusions are provided in the introduction to this module. Any exclusions should be clearly specified and justified.

Explanation of terms

Based on definitions from the Global Canopy's Forest 500 Selection methodology, and the Accountability Framework initiative (AFi) definitions, the supply chain activities are broken down as follows:

- **Embedded commodity:** a commodity is considered 'embedded' when it has been used anywhere in the supply chains or the direct operations associated with a final product. This includes commodities not present in the final product: for example, soy used to feed animals bred for consumption or to produce dairy and eggs.
- **Production:** this is the first stage of the supply chain and generally refers to the production of raw agricultural and forests products by farm owners, smallholders, and communities. Vertically integrated companies are also involved in producing activities if they own or manage land used for the production of forests risk commodities.
- **Processing:** for the purpose of this disclosure, processing encompasses the initial transformative activities that will add value to raw materials. For example: Companies involved in the production of crude palm oil from crushed fruit or the production of soybean oil and soybean meal from soybean would select this activity. Further processing activities in the form of refining and fractionation should be considered in the manufacturing stage.

- Companies involved in the production of crude palm oil from crushed fruit or the production of soybean oil and soybean meal from soybean would select this activity. Further processing activities in the form of refining and fractionation should be considered in the manufacturing stage.
- In the case of timber products, companies whose activities include the initial processing of timber products in mills (i.e., sawmills, plywood and veneer mills, pulp and paper mills) would select this stage.
- For cattle products, activities at this stage primarily involve the slaughtering of cattle and the processing of raw hide into leather.

- **Trading:** at this supply chain stage, businesses purchase and sell raw or primary processed agricultural or forestry materials to either domestic or export markets. This includes the shipment, transport and storage of the forest risk commodities.
- **Manufacturing:** this includes the production of final ingredients for the food, feed and fuel sectors from raw or processed materials. For example:

- In palm oil and soybean supply chains, this stage may include the refining of oil into shortening and the use of ingredients in the manufacture of bakery products.
- For timber products, the manufacturing stage involves the secondary processing of wood into multiple products. This may include furniture, flooring, plywood and boards, as well as other building materials. For pulp and paper, this may include the conversion of pulp to printing and writing paper, newsprint, tissue, container boards, and packaging.

- Companies may manufacture cattle products into products containing beef (e.g., retail meat products, fast food, byproducts including glycerin/gelatin) and leather products for various industries (such as footwear, clothing, furniture and car upholstery) (adapted from Global Canopy, 2018 and AFi, 2019).

- **Retailing:** a company that sells products directly to individual consumers. This includes supermarkets, convenience stores, lumber and home improvement stores, home furnishing stores, online retailers, restaurant chains and the like.

Additional information

Companies identify embedded commodities through methods such as life-cycle analysis, publicly available information on products containing embedded commodities and/or engagement with their suppliers, among other methods.
The table below provides further details on the forms of the key forest risk commodities considered in the questionnaire:

Forest risk commodity	Explanation
Timber products	This includes all solid timber as well as products made from processed wood fiber such as paper, packaging, cardboard and specialty fibers (e.g., viscose). It also includes timber products used for biomass.
Palm oil	This includes crude palm oil, palm kernel oil, and all of its derivatives. Please note that palm oil used for biofuel production is also included in this category.
Cattle products	This includes all food products containing beef, all clothing, furniture and accessories that are made of leather, tallow, and all other products derived from cattle. Please note that tallow used for biofuel production is also included in this category. Dairy products are not included in this category.
Soy	This includes all meal or oil containing soy and any derivatives that are obtained from soy (including those embedded in animal products from soy-based animal feed). Please note that soy used for biofuel production is also included in this category.

Example response

Forest risk commodity	Commodity Disclosure	Stage of the supply chain	Are you disclosing information on embedded commodities?	Explanation if not disclosing
Timber products	Disclosing	Production, Processing, Trading	No, because we have no embedded commodities	N/A
Palm oil	Disclosing	Production, Processing, Trading	No, because we have no embedded commodities	N/A

Cattle products	Not disclosing	Retailing	No, because we have no embedded commodities	We are aware that certain product lines contain leather. However, these only represent a small percentage of our business revenue (> 1%). Up to now our focus has been timber products (packaging), palm oil, soy and cocoa. We are planning on conducting a full risk assessment with regards to leather and will report on this commodity in next year's disclosure.
Soy	Disclosing	Production, Processing, Trading	Yes	N/A
Other - Rubber	This commodity is not produced, sourced or used by our organization	N/A	N/A	N/A
Other - Cocoa	Disclosing	Production, Processing, Trading	No, because we have no embedded commodities	N/A
Other - Coffee	This commodity is not produced, sourced or used by our organization	N/A	N/A	N/A

[SME4.2] Disclose your production and/or consumption data.

Question dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Forests Risk Matrix, and you are disclosing for at least one commodity in SME4.1.

Rationale

This question gathers details on the data organizations collect data on the production and/or the consumption of their disclosed forest risk commodity(ies).

Connection to other frameworks

SDG

Goal 12: Responsible consumption and production

AFi

Core Principle 11: Monitoring and verification

Core Principle 12: Reporting, disclosure, and claims

Response options

Please complete the following table. You can add rows by using the "Add Row" button at the bottom of the table.

Forest risk commodity	Data type	Commodity production/ consumption volume	Metric for commodity production/ consumption volume	Data coverage	Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?	% of reported volume verified as deforestation- and/or conversion-free	Please explain

Select from: List created from forest risk commodities for which you selected '…disclosing' in SME4.1	Select from: • Production data • Consumption data	Numerical field [enter a number from 0-999,999,999,999 using a maximum of 2 decimal places]	Select from: • Metric tons • Liters • Gallons • Round wood equivalent (RWE) • Wood raw material equivalent (WRME) • Cubic meters • Square meters • Other, please specify	Select from: • Full commodity production/ consumption • Partial commodity production/ consumption	Select from: • Yes • No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years • No, and we are not planning to verify volumes as deforestation- and/or conversion-free	Numerical field [enter a number from 0-100 using a maximum of 2 decimal places]	Text field [maximum 2,400 characters]

[Add Row]

Requested content

General

- Add at least one row for each commodity for which you collect data and as disclose in SME4.1.
- Provide your production and consumption figures for the reporting period separately, by adding a new row for the same commodity and selecting the appropriate option in this column.

Commodity production/ consumption volume (column 3)

- Provide a figure consistent with the type of data selected in column 2 (Data type).

Metric for commodity production/ consumption volume (column 4)

- For the figure provided in column 3 (Commodity production/consumption volume), select the metric that applies or select 'Other, please specify' and state the metric.

Data coverage (column 5)

- Indicate if the data provided covers your entire production and/or consumption of the commodity
- This column should not be used to disclose the exclusion of groups, companies, businesses or organizations that fall within your organizational boundary or within your supply chain but are not included in your disclosure.

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free? (column 6)

- Indicate if the reported volumes in the previous columns have undergone any internal, external or third-party verification processes to determine their status as deforestation- and/or conversion-free (e.g. verified as NDPE for palm oil).
- If you have undertaken such a process and determined none of the commodity volume status is deforestation- and/or conversion-free, please select 'Yes', state '0%' in column 7 (% of reported volume verified as deforestation- and/or conversion free), and state your methods in column 8 (Please explain).

% of reported volume verified as deforestation- and/or conversion-free (column 7)

- Provide a figure for the % of the commodity volume reported in column 3 (Commodity production/consumption volume) that is verified as deforestation- and/or conversion-free.

Please explain (column 8)

- If the data you provided excludes certain parts of your business or supply chain other than those reported in the Introduction module, provide an explanation of the exclusion. This explanation should provide the percentage of your total production and/or consumption that the exclusion represents.
- If you selected 'Yes' in column 6 (Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?) state the methods used to verify deforestation- and/or conversion-free status, including for example the use of any specific physical, segregated certification schemes or operations in low-risk areas (including risk stratification and verification methodologies), and any specified cutoff date(s).

Explanation of terms

- **Consumption data:** refers to data on the sourcing/purchasing of the forest risk commodities within your supply chain. For example, if you are a manufacturer that collects data from your suppliers.
- **Cutoff date:** the date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or no-conversion commitments, respectively (AFi, 2019)
- **Deforestation- and/or conversion-free:** commodity sourcing or production that does not cause or contribute to the deforestation or conversion of natural ecosystems (based on AFi, 2019)
- **Production data:** refers to data on the cultivation/rearing/harvesting of raw materials, such as data from your production of soy beans or palm oil.
- **Verification:** assessment and validation of compliance, performance, and/or actions relative to a stated commitment, standard, or target. Verification processes typically utilize monitoring data but may also include other sources of information and analysis (AFi, 2019)

[SME4.3] For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Question dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Forests Risk Matrix, and you are disclosing for at least one commodity in SME4.1.

Rationale

This question provides data users with more clarity about your organization's exposure to deforestation/forest degradation risks. Disclosers will benefit from this question by becoming more transparent and being able to more easily identify any risks to their business.

Connection to other frameworks

SDG
Goal 12: Responsible consumption and production
Goal 15: Life on land

AFi
Core Principle 5: Supply chain assessment and traceability
Core Principle 11: Monitoring and verification
Core Principle 12: Reporting, disclosure, and claims

Response options

Please complete the following table. You can add rows by using the "Add Row" button at the bottom of the table.

Forest risk commodity	Country/Area of origin	State or equivalent jurisdiction	% of total production/consumption volume	Please explain
Select from: List created from forest risk commodities for which you selected '…disclosing' in SME4.1	Select from: • List of forest risk countries • Any other countries/areas • Unknown origin	Select from: • Specify state/equivalent jurisdiction • Don't know • Not disclosing	Numerical field [enter a number from 0-100 using a maximum of 2 decimal places]	Text field [maximum 2,400 characters]

[Add row]

Requested content

General

- For each of your disclosed commodities, provide a breakdown of your consumption/production volume by jurisdictions of origin.
- If you have any volumes of unknown origin, you will be able to disclose it here.
- If you select 'Yes' in column 4 (Are you disclosing information on embedded commodities) SME4.1, provide information on embedded commodities.

Country/Area of origin (column 2)

- For each commodity, add rows to provide a breakdown of your production/consumption volume by forest risk country, other countries/areas and of unknown origin.
- The list of forest risk countries will be created based on your selection in question SME4.1. You should add a row for each forest risk commodity presented.
- In the case of forest risk countries, you will be able to provide a further breakdown by subnational jurisdiction in column 3 (State or equivalent).
- Select "Any other countries/areas" to disclose all production/consumption volume that **does not** originate from forest risk countries listed but which you have information of origin. For example, timber products that originate in Norway and Sweden would be disclosed together under this dropdown.
- Select "Unknown origin" to disclose the volume of consumption/production that you cannot specify is originating from "forest risk country(ies)" or "Any other countries/areas".

State or equivalent jurisdiction (column 3)

- This column is presented if you have selected a forest risk country in response to column 2 (Country/Area of origin).
- Select the first-level administrative division within that country from which your production/consumption volume originates from. For instance, this could be a federal state, a department, or a province (e.g. the state of Mato Grosso in Brazil).
- If your production/consumption volume originates from more than one state (or equivalent jurisdiction) in the same country, please add one row for each state.
- If your organization has no information on the state (or equivalent jurisdiction) where your forest risk commodity(ies) is coming from, select "Don't know" and provide an explanation in the "Please explain" column.
- If your organization has the information but is not disclosing, select "Not disclosing" and provide an explanation in the "Please explain" column.

% of total production/consumption volume (column 4)

- Indicate the percentage of the total production and/or consumption volume for the specified forest risk commodity that is sourced from the disclosed jurisdiction.
- If you have selected a forest risk country in column 2 and specified one or more states (or equivalent jurisdictions) in column 3 (State or equivalent), this refers to the percentage originating from that particular jurisdiction (e.g., % of total soy production and/or consumption originating from the state of Mato Grosso, Brazil).
- If you have selected a forest risk country in column 2 but selected "Don't know" or "Not disclosing" in column 3, this refers to the percentage originating from the forest risk country (i.e., with no breakdown by subnational jurisdiction).
- If you have selected "Any other countries/areas" or "Unknown origin" in column 2, then disclose the percentage of your production/consumption volume that falls into these categories.
- Percentages smaller than 0.01% should be rounded up to 0.01%. In column 5 (Please explain), indicate clearly that this is the case, and the smaller value may be provided.
- It is expected that the percentages disclosed will sum up to 100% (+/- 5%), covering the totality of the volumes disclosed.

Please explain (column 5)

- Provide any relevant information to understand how the percentages were calculated.
- For production/consumption volume from other countries/areas, provide a breakdown of these countries/areas.
- For production/consumption volume of unknown origin, provide an explanation on the strategy adopted to assure this volume is not associated with deforestation.
- In the case of forest risk countries, if you are unable to disclose data for the state or equivalent jurisdiction, provide an explanation as to why this is the case.
- Specify which biome or ecoregion the state is located in, e.g. Cerrado biome or Amazon biome.
- Provide information on columns 2 (Country/Area of origin) and 3 (State or equivalent jurisdiction) for your embedded commodities. Columns 2 (Country/Area of origin) and 3 (State or equivalent jurisdiction) refer to the country/area and state or equivalent jurisdiction of a commodity **BEFORE** it became embedded into another product, e.g., soy becoming "embedded" as a result of being eaten by livestock.
- If you calculate the volume of your embedded commodities, provide the % of embedded commodity volume of the total commodity volume. The total commodity volume is calculated by adding your total production/consumption volume and total embedded commodity volume.

Explanation of terms

Embedded commodity: a commodity is considered 'embedded' when it has been used anywhere in the supply chains or the direct operations associated with a final product. This includes commodities that are not present in the final product: for example, soy that is used to feed animals bred for consumption or to produce dairy and eggs.

Forest risk country: for the purposes of this questionnaire, a forest risk country is one of the following tropical and subtropical countries selected based on current and/or future deforestation risk (based on GCP, 2019; WWF, 2015 & TFA, 2019)

- Angola, Argentina, Australia, Bolivia (Plurinational State of), Brazil, Cambodia, Cameroon, Central African Republic, Colombia, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ecuador, Gabon, Ghana, Guatemala, Guinea, Guinea-Bissau, Honduras, India, Indonesia, Kenya, Lao People's Democratic Republic, Liberia, Madagascar, Malaysia, Mexico, Mozambique, Myanmar, Nepal, Nicaragua, Nigeria, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Sierra Leone, Thailand, United Republic of Tanzania, Venezuela (Bolivarian Republic of), Viet Nam, Zambia, and Zimbabwe.

Example response

Forest risk commodity	Country/Area of origin	State or equivalent jurisdiction	% of total production/ consumption volume	Please explain
Soy	*Argentina*	*Specify state/region: Cordoba*	*70%*	*These locations cover 70% of the soy sourced by our business out of the 95% that is currently traced to the country/jurisdiction level.* *We use a traceability system that tracks unique identifying numbers of each purchased lot that contain details about their origin. Plantation-level data from direct suppliers in Argentina and Brazil is collected through an outsourced centralized system. We are working to expand this to our indirect suppliers in the next 2 years. We have recently started testing a blockchain system, which in the future will be implemented for tracing all our consumed volume back to the producer.* *The plantations are located in the Pampas biome.*
Soy	*Argentina*	*Specify state/region: Santa Fe*	*15%*	*This location accounts for 15% of the soy sourced by our business out of the 95% that is currently traced to the country/jurisdiction level.* *The traceability systems described above covers this* *location. The plantations are located in the Chaco* *biome.*

Soy	*Brazil*	*Specify state/region: Mato Grosso*	*10%*	*This location accounts for 10% of the soy sourced by our business out of the 95% that is currently traced to the country/jurisdiction level.* *The traceability systems described above covers this* *location. The plantations are located in the Cerrado* *Biome.*
Soy	*Unknown Origin*	*N/A*	*5%*	*5% of soy is of unknown origin due to sources of soy derivatives being mixed in the processing mills.* *We are looking into improving our traceability systems and expect to achieve 100% supplier traceability by 2025.*

[SME4.4] Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

Question dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Forests Risk Matrix, and you are disclosing for at least one commodity in SME4.1.

Rationale

It is critical for companies to have a system in place to track and monitor the origin of raw materials derived from forest risk commodities if they want to understand their exposure to forests-related risks. This question elicits data on the traceability system(s) and on the level of traceability used by organizations to ensure that their sourced/traded forest risk commodity(ies) meets the specified sustainability requirements. Reporting the coverage of volumes from direct and indirect suppliers improves the accuracy of traceability. This information helps investors and other data users to assess whether organizations are tracking the origin of their forest risk commodities, and if they can monitor forests-related risks across their supply chains.

Connection to other frameworks

SDG

Goal 12: Responsible consumption and production
Goal 15: Life on land

AFi

Core Principle 5: Supply chain assessment and traceability

Response options

Please complete the following table:

Forest risk commodity	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Auto-populated from forest risk commodities selected in SME4.1	Select from: • Yes • No	Text field [maximum 2,400 characters]	Select all that apply: • Country/geographical area • Business activity • Facility • Specific product line(s) • Specific supplier(s) • Not applicable • Other, please specify	Text field [maximum of 2,400 characters]

Requested content

General

- This question focuses on whether the company is able track the forest risk commodity back to its original source. Note that the question is not about consumption/production of certified products. It is also not about chain of custody certification, which ensures that the product is in line with the standard along the supply-chain, but not necessarily indicates its origin.
- If your organization has a traceability system in place, select 'Yes'.

Do you have system(s) in place? (column 1)

- Select “Yes” if your system is able to trace a commodity to a slaughterhouse, even if the farm from which the commodity originated is from a different country than the slaughterhouse.

Description of traceability system (column 2)

- Describe the system that allows your company to indicate the point of origin of the forest risk commodities consumed and/or produced, including information on whether it allows your company to identify the biome of origin (e.g., Cerrado biome).
- Provide one or more examples of how the system has allowed the company to trace forest risk commodities back to the origin.

Exclusions (column 3)

- Select all the options that apply. If none of the available options are suitable, please select 'Other, please specify' and a text box will appear for you to complete.

Description of exclusion (column 4)

- Describe the exclusion(s) selected in the previous column and provide an explanation.
- If a specific biome or ecoregion is excluded (under 'geographical region'), specify which and why it was excluded.

Explanation of terms

- **First-tier supplier:** (also referred to as 'direct supplier') in a multi-tiered supply chain, usually comprised of manufacturers and retailers value chains, the first-tier supplier is the company that provides goods or services directly to the purchasing organization. Therefore, first-tier suppliers are those at the first stage in a company's upstream supply chain.
- **Indirect supplier:** in a multi-tiered supply chain, usually comprised of manufacturers and retailers value chains, indirect suppliers are any suppliers that do not provide goods or services directly to the purchasing organization. In other words, they supply the suppliers of the purchasing organization.
- **Traceability:** the ability to follow a product or its components through stages of the supply chain (e.g., production, processing, manufacturing, and distribution) (AFi, 2019).
- **Traceability system:** system that tracks by documentation the trail of products and/or raw materials along the value chain.

[SME4.5] Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

Question dependencies

This question is only presented if in SME0.6 activities are selected from an activity group classified as high impact, and more 50% of your revenue is associated with the activity: Forests Risk Matrix, and you are disclosing for at least one commodity in SME4.1.

Rationale

This question gathers information on the extent to which your production/consumption is certified by a third party. Credible third-party certification processes can provide a valuable method of demonstrating to investors and other data users that your organization adopts responsible practices. And while it is acknowledged that standards can be subject to controversy and that there are compromises involved in setting any global growing standards, they can be opportunities for collaboration that could benefit your organization through the improvement of your risk management strategy and practice.

Connection to other frameworks

SDG

Goal 12: Responsible consumption and production
Goal 13: Climate action
Goal 15: Life on land

AFi

Core Principle 5: Supply chain assessment and traceability Core Principle 11: Monitoring and verification
Core Principle 12: Reporting, disclosure, and claims

Response options

Please complete the following table:

Forest risk commodity	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Auto-populated from forest risk commodities selected in SME4.1	Select from: • Yes • No, but we plan to adopt a third-party certification scheme within the next two years • No, we have not adopted any third-party certification schemes for this commodity	Numerical field [enter a number from 0-100]

Requested content

Third-party certification scheme adopted? (column 2)

- For this column, please specify whether you have adopted a third-party certification scheme for each commodity.

% of total production and/or consumption certified (column 3)

- This refers to the total volume of commodity that is produced and/or consumed by your organization. You do not need to report separately for consumed/produced volumes.
- For each commodity that a third-party certification scheme has been adopted for, please indicate the percentage of your total production and/or consumption that is currently certified.

Explanation of terms

- **Certification:** the action or process of providing a product with an official document attesting to a status or level of achievement against a certain standard.
- **Consumption volume**: refers to the volume of commodity sourced/purchased by your company, for processing, trading or use as input for manufacturing and/or packaging. This includes the commodity volume contained within manufactured goods sold by retailers.

- **Production volume**: refers to the volume of commodity produced by your company, i.e. commodity grown, reared or harvested within owned/managed land.
- **Third-party certification:** when a certification process is carried out by an independent organization

SME5 Signoff

SME5.1 Provide details for the person that has signed off (approved) your CDP small and medium-sized enterprises response.

Submit

[SME5.1] Provide details for the person that has signed off (approved) your CDP small and medium-sized enterprises response.

Rationale
CDP asks companies to identify the job title and corresponding job category of the person signing off (approving) the CDP response. This information signals to investors where in the corporate structure direct responsibility is being taken for the response and the information contained therein.

Response options
Please complete the following table:

Requested content

Job title	Corresponding job category
Text field [maximum 200 characters]	Select from: • Board chair • Board/Executive board • Director on board • Chief Executive Officer (CEO) • Chief Financial Officer (CFO) • Chief Operating Officer (COO) • Chief Procurement Officer (CPO) • Chief Risk Officer (CRO) • Chief Sustainability Officer (CSO) • Other C-Suite Officer • President • Business unit manager • Energy manager • Environmental, health and safety manager • Environment/Sustainability manager • Facilities manager • Process operation manager • Procurement manager • Public affairs manager • Risk manager • Other, please specify

General

Job title (column 1)

- Enter the title of the person who has signed off on this CDP response.

- If you select “Other, please specify”, provide a label for the corresponding job category.
- Note that this question asks about the position and not about the name of the individual holding this position. Do not include names or any other personal data in your response.

Explanation of terms

- **Board**: Or "Board of Directors" refers to a body of elected or appointed members who jointly oversee the activities of a company or organization. Some countries use a two-tiered system where "board" refers to the "supervisory board" while "key executives" refers to the "management board".