

CDP SIGNPOSTING & FEEDBACK OPPORTUNITY: 2022 CDP QUESTIONNAIRE FOR THE FINANCIAL SERVICES SECTOR

Contents

Introduction	2
How to provide feedback.....	4
Areas of development.....	5
1. Transition focus.....	5
Changes for 2022	6
2. Broadening the environmental issues covered for financial institutions – adding forests, water and biodiversity	12
Changes for 2022	13
3. Renewable Energy and RE100 member requested information	22
Changes for 2022	23

Introduction

CDP is providing its stakeholders with an opportunity to:

- ▼ Preview some of the key changes to the questionnaire for financial institutions for the 2022 disclosure cycle, including new topics and questions.
- ▼ Share feedback with CDP relating to the changes, including preparedness to respond to questions and the need for support from CDP.

We have now entered what must be the decade of urgent environmental action, as science shows we need to cut emissions in half by 2030 and transition to a fully net-zero economy by 2050. CDP is committed to accelerating global environmental ambition and driving further and faster action. Robust, timely and actionable environmental data will be critical in supporting this. Based on this and feedback from our stakeholders, we are working to evolve our disclosure system and questionnaires over the next few years, to ensure that we are collecting the data for tomorrow, helping companies, investors, cities, states and regions to benchmark the transition to a 1.5 degrees, deforestation-free, water-secure world, protecting our planetary boundaries and biodiversity.

CDP introduced its first questions specifically for the financial sector in 2020, focused on climate change, asking for disclosures from banks, asset owners, asset managers and insurers on the impact they finance in the wider economy. This happened against a backdrop of enormous growth in worldwide scrutiny of the environmental and social impacts of the global financial system.

Beginning in 2022 and in line with CDP's strategy to 2025, we will be making incremental changes to our questionnaires and disclosure systems, including for financial institutions, to support both your resilience and success in a sustainable economy, and CDP's mission to drive that transition.

For the 2022 questionnaires, some of the key changes for financial institutions are as follows:

- ▼ Establish **transition focus** into the questionnaire. This means forward looking metrics that will pose an increased focus on companies' transition to a net-zero economy.
- ▼ Begin broadening the environmental issues covered in our questionnaire for financial institutions, starting with the inclusion of questions on **forests** and **water security**, and on companies' approach to understanding and managing impacts on **biodiversity**.

- ▼ Renewable Energy and RE100 member requested information, to improve how we collect information on Renewable Energy for all companies.

As in previous years, other changes will be made to improve the discloser experience and ensure data quality, such as revisions to questions and corrections to guidance. All developments will be shared in our changes documentation once the 2022 questionnaires are published on our website in **January 2022**.

We will continue to keep stakeholders informed as we continue to develop the CDP questionnaires for 2023 onwards.

Scope of this Signposting & Feedback Opportunity

This Feedback Opportunity is limited to the content changes regarding:

- ▼ **Transition focus.**
- ▼ The broadening of environmental issues covered in the questionnaire for financial institutions to include **forests, water security** and **biodiversity**.
- ▼ **Renewable Energy and RE100 member requested information.**

Please note: this is not a comprehensive list of all changes to the questionnaires. All question text presented in this section is in draft form and subject to change. Final versions of the questionnaires will be made available in January 2022.

How to provide feedback

Step 1: Review the content presented in this document

Please read this document, including the areas of development below, before providing feedback as it provides important rationale information and the details of the questionnaire changes.

Step 2: Complete the dedicated survey

For those wishing to provide feedback, please [click here](#) or paste the URL into a new window in your browser. You can also access these links directly from the [consultation page](#) on our website.

Respondents will be asked to disclose their name and contact information; however, this is optional, and all feedback will be confidential and will be used internally to inform CDP's decisions. Any results that are made public will only contain summarized feedback, with no attributable quotes or identifying information.

Areas of development

The three areas of development below outline changes anticipated across the questionnaire modules.

Final versions of the questionnaires will be made available in January 2022.

1. Transition focus

In line with the most ambitious climate science, CDP's questionnaires will enable companies, the investor community and other stakeholders, to track progress on limiting global warming to 1.5 °C. Through our disclosure framework, we want to recognize companies that are transitioning to a business model that creates value for society and shareholders without causing climate impact due to the accumulation of greenhouse gases in the atmosphere.

Net-zero: Many financial institutions have recently committed to net-zero under emerging initiatives such as those under [GFANZ](#). As one of the key elements of a climate transition plan, questions on net-zero targets will continue to evolve in 2022 and beyond, to be aligned with the most up to date climate science and evolving standards. CDP will increasingly incentivize net-zero targets that are science-based, have a minimum level of ambition of 1.5°C, and are independently validated (e.g. through the SBTi). Investments in neutralization activities (permanent removal of carbon from the atmosphere) will only be incentivized to address residual emissions in a company's inventory when the long-term science-based target is achieved. In line with the current recommendations of the SBTi Net-Zero Standard, CDP will encourage companies to prioritize near term target abatement actions. In addition, CDP will follow developments on corporate claims related to compensation or Paris-aligned financial contributions and embed these within our questionnaire over time.

Transition plans: In 2022, we are furthering our strategy to track an organization's climate transition plan - a time-bound action plan that outlines how an organization will pivot its operations and investments to align with the goal of reaching net-zero carbon emissions by 2050 at the latest. CDP has identified the key elements of a credible transition plan, to track the success of an organization's environmental transition. Improving some existing questions as well as introducing new forward-looking metrics will enable CDP's disclosure system to be used as a *de facto* template for the credibility of transition plans in the years to come. CDP's disclosure system can also be used by financial institutions to disclose actions implemented associated with their commitment to net zero initiatives such as those under GFANZ.

Transition-focused metrics will impact a number of areas in the questionnaire. This is because of the strategic objective to capture the different areas a company will need to simultaneously align on, in order to signal they are transitioning to align with net zero by 2050. As a result, in 2022, several existing questions will be updated, and some new high-level questions will be added. Both will enable better reporting on transition planning indicators.

Beyond 2022, our questionnaires will evolve further so that organizations are able to disclose how their business models, and the strategies to achieve them, are transitioning for success in a sustainable future.

Changes for 2022

Module C1 Governance

Addressing environmental risks and impacts requires specific expertise related to sustainability, and the potential direct and indirect effects on business success. Ensuring this capability within decision-making bodies indicates company commitment to transitioning to a sustainable future.

▼ **[New question for all companies] Does your organization have at least one board member with competence on climate-related issues?**

- Companies are required to:
 - Disclose whether they have assessed board competencies with respect to managing climate risks and disclose the results of the assessment.
 - Provide details on the criteria it uses to assess the board competencies with respect to managing climate risks.

Module C3 Business Strategy

Existing questions around transition plans will be strengthened by asking companies whether they are able to disclose what these plans may be and about progress to net-zero.

▼ **[Modified question for all companies] Does your organization’s strategy include a transition plan that aligns with a net-zero emissions by 2050 future?’**

- This question will aim to provide stakeholders with details on a company’s transition plan and the mechanism by which feedback is obtained from stakeholders.
- This question is the result of merging the existing 2021 questions on transition plans. Datapoints in this question will ask whether the strategy/transition plan is publicly available and provide the option for the company to attach a transition plan.

Likewise, we would like companies to think about their climate-related scenario analysis and report on both qualitative as well as quantitative analyses:

▼ **[Modified question for all companies] Does your organization use climate-related scenario analysis to inform its strategy?**

- This question has been developed to request information previously captured in C3.2b

▼ **[Modified question for all companies] Provide details of your organization’s use of climate-related scenario analysis.**

- This question has been further developed to capture more granular information on scenario analysis:
- The list of climate-related scenarios (both qualitative and quantitative) has been updated.
- Other datapoints have been pulled out from the requested content for the 2021 “Details” column and now expressed into different columns as separate data points.

Module C4 Targets and Performance

The objective of revisions and additions to this module is to allow financial institutions to better report on targets related to their portfolios, and to better align with the Science Based Targets initiative (SBTi), which released a framework for financial institutions to be able to set science-based targets and align their lending and investment activities with the Paris Agreement in 2020.

- ▼ **[New question for financial institutions] Provide details of the climate-related target(s) for your portfolio.**
 - Financial institutions' climate change impact occurs mostly in their portfolios, rather than through their direct operations. This question will allow financial institutions to disclose climate-related targets for their financing portfolios.
 - The question is aligned with the SBTi framework for financial institutions, and also allows financial institutions to disclose targets set using different target setting protocols such as the Net Zero Asset Owners Alliance protocol.

Additionally, CDP would like to more consistently track and assess companies' financing products and services that enable clients to meet their own targets. Specific questions on financing products and services replace questions previously shown to all companies on low-carbon products and services, for financial institutions.

- ▼ **[New question for financial institutions] Do any of your existing products and services enable clients to mitigate and/or adapt to the effects of climate change?**
- ▼ **[New question for financial institutions] Provide details of your existing products and services that enable clients to mitigate and/or adapt to climate change, including any taxonomy used to classify the product(s).**
 - Achieving net zero emissions by 2050 will require massive investment in low carbon technologies, a large amount of which will have to come from private finance; while at the same time, investment will also be required to increase resilience.
 - Financial institutions will be required to disclose the products they are providing to meet the investment needed in both mitigation and adaptation.

Module C5 Emissions Methodology

A number of new questions in this module will allow data users to better understand emission methodologies, in light of structural changes, boundary changes etc.

For example:

- ▼ **[New question for all companies]** Has your organization undergone any structural changes in the reporting year, or are you accounting for any previous structural changes in this disclosure?

Additionally, at the recommendation of SBTi, we will be aligning with the GHG Protocol Scope 3 Standard which states that, as with Scopes 1 and 2, companies should set a base year and have a base year recalculation policy for Scope 3 emissions.

For example:

- ▼ **[Modified question for all companies]** Provide your base year and base year emissions.
 - CDP will now be tracking whether a Base year and base year emissions for Scope 3 exist so that Scope 3 emissions can be captured over time.

Module C6 Emissions Data

Revisions will allow companies to indicate an estimate of total Scope 1+2 emissions represented by any excluded emissions to better assess the completeness of an emissions inventory based on the GHG Protocol Corporate Standard.

There will be a greater focus on Scope 3 categories disclosure, as well as Scope 3 targets.

A new datapoint will enable companies to report base year emissions for each calculated Scope 3 category:

- ▼ **[Modified question for all companies]** Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions

- As we would like to better understand companies' Scope 3 calculation methodologies, the question's drop-down options have been improved.

A new question in this module will allow companies to disclose or restate their Scope 3 emissions data for previous years.

▼ **[New question for all companies] Disclose or restate your Scope 3 emissions data for previous years.**

- This question has been added at the request of SBTi to improve tracking of Scope 3 emissions data over time. For 2022, the question allows a maximum of 3 years restatements to align with the Scope 1 and 2 restatements questions.

Module C12 Engagement

For investors, active ownership is a key tool for positively impacting the real economy and enabling the transition in the real world. Alongside other investee engagement activities, shareholders can influence companies by exercising their voting rights. Therefore, CDP is introducing a question on how investors use these to support their environmental strategy and the transition.

▼ **[New question for investors] Provide details of your shareholder voting record on climate-related issues.**

- Companies are required to:
 - How they ensure voting rights are exercised in line with their environmental strategy.
 - Whether they disclose their voting instructions and rationale.
 - Which environmental issues they have supported through voting in the reporting year.

Since the majority of most companies' emissions occur outside their direct operations, new questions and revisions will better gauge the engagement work companies do with their suppliers.

▼ **[New question for all companies] Do your suppliers have to meet climate-related requirements as a contractual obligation in your organization's purchasing process?**

- ▼ **[New question for all companies]** Provide details of the climate-related requirements that suppliers have to meet as a contractual obligation within your organization's purchasing process and the compliance mechanisms in place.
 - These two questions align with a transition ambition and the requirements of the RE100 initiative.
 - We aim to understand a company's level of commitment to driving action through its supply chain. Implementing climate-related requirements within the purchasing process can be an important driver of impact across the supply chain by helping increase supplier awareness of climate-related issues.

On policy engagement, we will be modifying several questions as part of the transition plan workstream:

- ▼ **[Modified question for all companies]** On what issues legislation have you been engaging directly with policy makers in the reporting year?
 - Several columns have been added to this question for 2022
 - The question text has also been changed to clarify that the discloser should report on the public policy engagement activity in the reporting year.
- ▼ **[Modified question for all companies]** Enter details of the trade associations which are likely to take a position on climate change legislation.
 - Several columns have been added to this question for 2022 including:
 - The "Trade association" column has been made into a dropdown list using InfluenceMap.
- ▼ **[Modified question for all companies]** Provide details of the other engagement activities your organization has undertaken in the reporting year that could influence climate impacting policy, law or regulation.
 - Question reformatted from open text box to several columns to help structure responses and provide more granular information on the various engagement activities. This question also requests information on the aim of engagement and details surrounding Memberships (if applicable).

Module C14 Portfolio Impact

A key component of the net zero transition will be the phase out of fossil fuels being used as a power source. In its Net Zero 2050 Scenario, the International Energy Agency describes a pathway with no new unabated coal plants approved, no new oil and gas fields or coal mines approved for development, and no additional fossil fuel exploration required. Under this pathway, financial institutions' financing and insurance of fossil fuels would reduce over time. CDP is introducing a question to track that component of the transition.

▼ **[New question for financial institutions] For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.**

- Note the definition of 'carbon related assets' recommended by the TCFD will be used.

2. Broadening the environmental issues covered for financial institutions – adding forests, water and biodiversity

The largest banks, investors and insurers are universal, meaning they have exposures across every sector of the economy. The consequence of this is that financial portfolios can be exposed to, and impact on, the full range of environmental concerns associated with the various sectors of the economy, from deforestation and water security to biodiversity and pollution. As the ultimate owners of assets and risk in the real economy, it is expected that nature-related risks¹ that materialise will ultimately impact financial markets.

Starting in 2022, the disclosure framework for financial institutions will include questions on the themes of and forests and water security, as well as initial exploratory questions on biodiversity, which are being added for all companies. As [highlighted](#) by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and the Intergovernmental Panel on Climate Change (IPCC), there are close relationships between biodiversity and GHG emissions, resilience and adaptations to the threat of climate change; whilst the WEF and UK Treasury highlight the economic risks of biodiversity losses in their own right.

The disclosure framework for financial institutions will continue to be one questionnaire. Questions on nature-related issues will be included at the end of the questionnaire in a number of additional modules on forests and water security, which are exclusive to the financial services sector;

¹ Here, 'nature-related risks' is referring to nature-related risks beyond climate change

and a module on biodiversity, which is being added in 2022 for all companies. These modules will not have any bearing on the existing modules covering climate change and will not impact financial institutions' climate change score at this stage².

The biodiversity-related questions are aligned with the IUCN's "[Guidelines for planning and monitoring corporate biodiversity performance](#)" and allow organizations to demonstrate how they:

1. Understand their impact on biodiversity and identify where they should concentrate their efforts.
2. Think about their ambitions to mitigate any negative impact on biodiversity and their goals, objectives and key strategies.
3. Decide on what indicators and metrics to use to measure the success of their strategies.
4. Monitor and disclose their success.

Changes for 2022

Module C0 Introduction

Financial institutions' impact on nature comes almost entirely from the activities they finance in the wider economy. Therefore, CDP will only require financial institutions to report on forests and water if they lend to, invest in or insure sectors of the economy which have a critical impact or dependency on nature. In determining this, CDP will build on the well-established process through which it selects corporates to request to respond on water security and forests.

² The new nature-related questions will not impact financial institutions' climate change disclosure or score. Financial institutions will continue to receive a climate change score as in previous years. However, CDP's scoring system is not static and there may be updates to the scoring system for 2022, although these will not be related to the new nature datapoints. CDP wants to be able to score financial institutions on their impact on all planetary boundaries in the future. In 2022, financial institutions will have access to private feedback on the information they provide on forests, but not on water.

- ▼ **[Modified question for financial institutions]** Which activities does your organization undertake, and which industry section does your organization lend to, invest in, and/or insure?
 - This question is modified so as well as indicating if they undertake banking, investment or insurance, financial institutions will be asked to indicate which sectors they lend to, invest in or insure. There is an option to indicate you broadly support all sectors of the economy.
 - This question determines whether financial institutions are asked questions on forests and water, with the questions being asked to those institutions which lend to, invest in or insure sectors of the economy which have a critical impact or dependency on nature.

Module FW-FS Forests and Water Security – Financial Services

Governance

Addressing environmental risks and impacts requires buy-in, expertise and direction from key decision makers within the organization. Ensuring this capacity and capability within decision-making bodies indicates company commitment to transitioning to a sustainable future.

- ▼ **[New question for financial institutions]** Is there board-level oversight of forests- and/or water-related issues within your organization?
- ▼ **[New question for financial institutions]** Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for forests- and/or water-related issues.
- ▼ **[New question for financial institutions]** Provide further details on the board's oversight of forests- and/or water-related issues.
- ▼ **[New question for financial institutions]** Does your organization have at least one board member with competence on forests- and/or water-related issues?
- ▼ **[New question for financial institutions]** Provide the highest management-level position(s) or committee(s) with responsibility for forests- and/or water-related issues.
 - Companies are required to:
 - Disclose on the positions of individuals and committees on the board and in management who oversee the company's approach to nature.

- Disclose on the scope of the board's remit relating to nature.
- Disclose whether they have assessed board competencies with respect to managing nature risks and detail the criteria used.

Risks and Opportunities

Financial institutions' exposure to nature related risks and impacts, but also opportunities related to nature, come almost entirely from the activities they finance in the wider economy. Therefore, it is important that processes relating to their portfolios, financing and insurance, including due diligence, incorporate nature.

- ▼ **[New question for financial institutions]** Do you assess your portfolio's exposure to forests- and/or water-related risks and opportunities?
- ▼ **[New question for financial institutions]** Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.
 - Companies are required to:
 - Disclose what types of risks they assess and the tools and methods they use to assess these risks.
 - Disclose what proportion of their portfolio is covered by this type of portfolio exposure analysis.
- ▼ **[New question for financial institutions]** Does your organization consider forests- and/or water-related information about clients/investees as part of your due diligence and/or risk assessment process?
- ▼ **[New question for financial institutions]** Indicate the forests- and/or water-related information your organization considers about clients/investees as part of your due diligence and/or risk assessment process, and how this influences decision making.
 - Companies are required to:
 - Disclose what information related to forests and water they collect from their clients and investee companies.
 - Disclose how the information is used and how it influences outcomes and decision making processes.

The TCFD recommended financial institutions to disclose their climate-related risks and opportunities and how these impact on strategy. However, as many financial institutions have exposures across every sector of the economy, their financial portfolios can be exposed to, and impact on, the full range of environmental concerns associated with the various sectors of the economy. These questions will be added to allow financial institutions to disclose risks and opportunities related to forests and water, in addition to those related to climate change.

- ▼ **[New question for financial institutions]** Have you identified any inherent forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business?
- ▼ **[New question for financial institutions]** Provide details of forests- and/or water-related risks in your portfolio with the potential to have a substantive financial or strategic impact on your business.
 - These questions include options to disclose risks related to forests and water security.
- ▼ **[New question for financial institutions]** Have you identified any inherent forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business?
- ▼ **[New question for financial institutions]** Provide details of forests- and/or water-related opportunities in your portfolio with the potential to have a substantive financial or strategic impact on your business.
 - These questions include options to disclose opportunities related to forests and water security.

Business Strategy

Financial institutions are already asked about their strategy, and as we establish a transition focus in the questionnaire this will centre on transition plans. However, as many financial institutions have exposures across every sector of the economy, their financial portfolios can be exposed to, and impact on, the full range of environmental concerns associated with the various sectors of the economy, and their transition plans should also take into consideration nature.

- ▼ **[New question for financial institutions]** Do you take forests- and/or water-related risks and opportunities into consideration in your organization's strategy and/or financial planning?
 - Companies are required to:
 - Disclose if and how forests- and/or water security-related risks and opportunities have influenced the organizations strategy.

Likewise, we would like companies to report if their scenario analysis covers any water-related outcomes.

- ▼ **[New question for financial institutions]** Has your organization conducted any scenario analysis to identify forests- and/or water-related outcomes?
 - Companies are required to:
 - Describe the scenario analysis used which identified forests- and/or water-related outcomes.
 - Describe the forests- and/or water-related outcome.
 - Disclose if this outcome has impacted on the company's business strategy.

CDP would like to more consistently track and assess companies' financing products and services that have the potential to reduce deforestation and/or water insecurity.

- ▼ **[New question for financial institutions]** Do any of your existing products and services enable clients to mitigate deforestation and/or water insecurity?
- ▼ **[New question for financial institutions]** Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity?
 - Protecting and restoring nature will require massive investment, a large amount of which will have to come from private finance. Investments in nature can at the same time increase resilience.
 - Financial institutions will be required to disclose the products they are providing to meet the investment needed in our natural systems and increasing resilience.

A key tool that has emerged for financial institutions to ensure their lending, investment and insurance does not damage nature is policies related to their portfolio activities.

- ▼ **[New question for financial institutions]** Does the policy framework for the portfolio activities of your organization include forests- and/or water-related requirements that clients/investees need to meet?

- ▼ **[New question for financial institutions]** Provide details of the policies which include forests- and/or water-related requirements that clients/investees need to meet.
 - Companies are required to:
 - Disclose any forests- or water-related criteria required of their clients and investees according to their policy framework.
 - Disclose what proportion of their portfolio is covered by these environmental policies.
 - Attach a copy of their policies if they are publicly available.

- ▼ **[New question for banks]** Does your organization include covenants in financing agreements to reflect and enforce your forests- and/or water-related policies?

Engagement

In order to truly reduce environmental impact, financial institutions must engage with their value chain.

- ▼ **[New question for financial institutions]** Do you engage with your clients/investees on forests- and/or water-related issues?
- ▼ **[New question for financial institutions]** Give details of your forests- and/or water-related engagement strategy with your clients.
- ▼ **[New question for financial institutions]** Give details of your forests- and/or water-related engagement strategy with your investees.
 - Companies are required to:
 - Disclose what engagements they are having with clients and investee companies on forests- and water-related issues.
 - Disclose what proportion of their portfolio has been engaged with on these issues.
 - Disclose the rationale for which companies are engaged with on forests- and water-related issues.

Access to credit and insurance for smallholder producers is a pertinent issue. In some cases, a lack of access to credit is driving behaviours that result in deforestation and conversion of natural ecosystems. While global demand rises, consistently low yields produced by smallholders put pressure on remaining forests and/or water security.

- ▼ **[New question for banks and insurers]** Does your organization provide financing and/or insurance to smallholders in the agricultural commodity supply chain?
- ▼ **[New question for banks and insurers]** Describe how the financing/insurance you provide enables smallholders to improve agricultural practices and reduce deforestation and/or water insecurity.
 - Companies can disclose how their financing or other assistance provided helps smallholder agricultural producers.
 - Although CDP recognizes that not all financial institutions have the ability to finance or insure smallholders, for example, many lack branch networks in rural areas of developing countries where forest risk commodities are produced. There will be a route through the questionnaire which recognizes this reality.

For investors, active ownership is a key tool for positively impacting the real economy. Alongside other investee engagement activities, shareholders can influence companies by exercising their voting rights. Therefore, CDP is introducing a question on how investors use these to support their environmental strategy and the transition.

[New question for investors] Does your organization exercise its voting rights as a shareholder on forests- and/or water-related issues?

On policy engagement, we will be adding questions as part of the nature workstream

- ▼ **[New question for financial institutions]** Does your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may impact forests and/or water security?
- ▼ **[New question for financial institutions]** On what policy, law, or regulation that might impact forests and/or water security have you been engaging directly with policy makers in the reporting year?
 - These questions allow for disclosure of engagement on public policy related to other environmental issues beyond climate change.

Portfolio Impact

We are adding questions on how organizations measure the impact of their portfolios on nature.

[New question for financial institutions] Does your organization measure its portfolio impact on forests and/or water security?

A few key agricultural commodities cause more than 40% of tropical deforestation globally³, and it is usually permanent loss. While not all forest risk commodity production is necessarily harmful, understanding the concentrations of related assets in portfolios will enable financial institutions to understand where there is the potential for deforestation impacts, and where enhanced policies are needed to prevent it.

- ▼ **[New question for financial institutions] Does your organization provide finance or insurance to companies operating in any stages of the following forest risk commodity supply chains, and are you able to report on the amount of finance/insurance provided?**
- ▼ **[New question for financial institutions] For each portfolio activity, state the value of your financing and/or insurance of companies operating in forests risk commodity supply chains in the reporting year.**
- ▼ **[New question for financial institutions] How much of the financing/insurance disclosed is extended to clients that meet your policy expectations on how to manage their impact on forests?**

Communications

We are asking if companies disclose information on nature in other places, aside from their CDP response. CDP aims for disclosure of nature-related impacts of companies to be the norm.

- ▼ **[New question for financial institutions] Have you published information about your organization's response to forests- and/or water-related risks and opportunities for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**
 - Disclosed data here can showcase how organizations are being transparent.

³ <https://iopscience.iop.org/article/10.1088/1748-9326/ab0d41>

Module C15 Biodiversity

- ▼ **[New question for all companies] Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**
 - This question seeks to understand an organization's corporate governance structure in relation to biodiversity-related issues and whether they receive appropriate board and senior management attention.
 - Companies can indicate their level of commitment to addressing its biodiversity-related issues.
- ▼ **[New question for all companies] Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**
 - An organization that commits publicly to implement a biodiversity policy provides investors and other data users with a strong signal of its progress towards biodiversity stewardship.
 - By disclosing this information companies will help drive action within their industries.
- ▼ **[New question for all companies] Does your organization assess the impact of its value chain on biodiversity?**
 - Assessing the impacts of the company's activities and operations on biodiversity facilitates and sets the tone for the entire process of monitoring and planning biodiversity performance. It also leads to more understanding on the species, habitats and ecosystem services affected.
- ▼ **[New question for all companies] What actions are your organization taking to progress your biodiversity-related commitments?**
 - This question explores how an organization tackles biodiversity-related pressures/issues within the scope defined in the preceding question. The focus is on the corporate vision, development of measurable goals and objectives and the key strategies in place to deliver those.
 - Investors and other data users are interested in forward-looking strategic innovations and financial decisions that have been driven by market opportunities, public policy objectives, and corporate responsibility commitments related to biodiversity.
- ▼ **[New question for all companies] Does your organization use biodiversity indicators to monitor performance across its activities?**
 - Choosing, defining, and using appropriate indicators is critical for companies to be able to make an overall, corporate-level assessment of how they are impacting biodiversity, by aggregating data from their activities to come up with measures of corporate biodiversity performance.

- By disclosing this information, an organization can demonstrate it is using a robust indicator to show progress against its goals and objectives and evaluate the success of the intervention(s) proposed.

▼ **[New question for all companies] Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

- This question informs investors and other data users about the principles adopted by businesses regarding biodiversity-related issues and provides an insight into an organization's level of awareness of those issues, as well as the robustness of their biodiversity strategic approach.
- Disclosed data here can showcase how organizations are being transparent and learning from its success or failures and using adaptive management to tweak their strategies towards biodiversity conservation.

3. Renewable Energy and RE100 member requested information

We are drafting changes that will apply to all companies to strengthen information on Renewable energy, with some questions tailored to RE100 members.

RE100 is a collaborative initiative by the Climate Group (TCG) in partnership with CDP. Companies joining RE100 include some of the biggest companies in the world setting a public goal to source 100% of their global electricity consumption from renewable sources by a specified target year. RE100 members are required to report progress against their target annually.

RE100 members reporting:

- ▼ CDP manages the collection of renewable electricity-related information for all RE100 member companies.
- ▼ In 2016, CDP added questions on renewable energy targets and electricity consumption in the CDP questionnaire to enable RE100 reporting via CDP disclosure process. However, questions such as country-wise electricity consumption, barriers in corporate RE sourcing in different markets, etc. which are all vital datapoints for RE100's work were not included. To capture these datapoints, a separate RE100 reporting spreadsheet was created.
- ▼ In order to streamline this process and enable RE100 members to provide requested information via their CDP disclosure, changes will be made to the 2022 climate change questionnaire.

Changes for 2022

Module C4: Targets and performance

As with Transition metrics, RE100 have triggered some modifications in the Targets and Performance module aimed at better capturing companies' efforts on low-carbon energy, including metrics.

- ▼ **[Modified question for all companies] Provide details of your target(s) to increase low-carbon energy consumption or production.**
 - This question has been revised to remove the ability for companies to report intensity targets at the request of the RE100 Initiative.
 - This question has also been revised to focus on % as a metric, as this is the most useful metric for low-carbon energy targets.

Module C7: Emissions breakdown

- ▼ **[Modified question for all companies] Break down your total gross global Scope 2 emissions by country/region.**
 - Some information on energy breakdown by country has been moved elsewhere in the questionnaire (module 8 below) and this question will focus solely on Scope 2 breakdown by country, which is consistent with the emissions focus of this module.

Module C8: Energy

The module has been revised throughout to enable CDP to capture Transition, and RE100 aligned work on energy flows.

- ▼ **[Modified question for all companies] Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.**
 - Modifications have been made to increase the granularity of data collected on low-carbon energy purchases and encourage best practice in low-carbon energy sourcing.
 - The sourcing methods have been modified to remove repetition by capturing tracking instruments separately. This also increases flexibility to add new types of energy attribute certificates (EACs) as they emerge in new markets.
 - The column "Commissioning date of the power plant" helps data users to understand whether a company's low-carbon energy purchases are leading to new capacity being brought into the grid (i.e. additionality).
 - The "Country/area of origin" column provides more transparency on whether purchases conform to market-boundary criteria, particularly where companies purchase unbundled EACs.

- ▼ **[New question for all companies] Provide a breakdown of your non-fuel energy consumption by country.**
 - Companies have the ability to report their energy consumption by country only – companies cannot break down by region as they could previously do in 2021 C7.5.
 - Total non-fuel energy consumption, thus including the consumption of self-generated energy as well as purchased energy (2021 C7.5 only focused only on purchased and acquired energy).
 - This question asks about total non-fuel energy consumption (column 4) but also electricity, and then heat, steam and cooling separately (columns 2 and 3).
 - Additionally, two columns appear to RE100 members only, to understand whether their electricity consumption from a particular company is excluded from their RE100 commitment (in alignment with exclusion rules of RE100 technical criteria).

- ▼ **[New question for RE100 members only] Provide details of your organization's renewable electricity purchases in the reporting year by country.**
 - Question only appears to RE100 members.
 - This question is a more granular version of the one addressed to non RE100 members (Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3 – detailed above).
 - It focuses only on renewable electricity (vs. low-carbon electricity, heat, steam, and cooling below) and embeds the datapoints that were previously collected in the RE100 spreadsheet.

- ▼ **[New question for RE100 members only] Provide details of your organization's low-carbon heat, steam, and cooling purchases in the reporting year by country.**
 - Question only appears to RE100 members.
 - This question is necessary to capture any low-carbon heat, steam, and cooling purchases RE100 member companies have made in the reporting year.

- ▼ **[New question for RE100 members only] Provide details of your organization's renewable electricity generation by country in the reporting year.**
 - Question only appears to RE100 members.
 - This is an additional RE100-only question which captures datapoints from the RE100 reporting spreadsheet on renewable electricity generation by country.

- ▼ **[New question for RE100 members only]** Describe how your organization's renewable electricity sourcing strategy directly or indirectly contributes to bringing new capacity into the grid in the countries/areas in which you operate.
 - Question only appears to RE100 members.
 - This question aims to collect data on RE100 members' renewable electricity sourcing strategies. The different strategies can be assessed according to the direct or indirect impact they have on the grid or market where the company is consuming renewable electricity. Direct impact directly enables/finances a new/part of a new renewable electricity asset either through investment or through a financial commitment. Indirect impact is the result of a sourcing strategy where the sourcing is not directly financing or enabling new renewable electricity capacity, but which could be indirectly incentivizing the development of new capacity through other mechanisms (e.g., sending important market signals).
- ▼ **[New question for RE100 members only]** In the reporting year, has your organization faced barriers or challenges to sourcing renewable electricity in any countries/areas in which you operate?
 - Question only appears to RE100 members.
 - This question aims to understand the barriers and challenges to sourcing renewable energy which may or may not be country specific.
- ▼ **[New question for RE100 members only]** List up to ten countries/areas where it was challenging or impossible to source renewable electricity in the reporting year.
 - Question only appears to RE100 members.
 - This new question aims to understand the country-specific barriers and challenges to sourcing renewable energy.

© 2021 CDP Worldwide The copyright of the material contained in this document is owned by CDP Worldwide, a registered charity number 1122330 and a company limited by guarantee, registered in England number 05013650. No part may be reproduced without the written consent of CDP. Any unauthorized use is prohibited and CDP reserves the right to protect its copyright by all legal means necessary.