

CDP Signposting & Feedback Opportunity: 2023 CDP Questionnaires

CONTENTS

INTRODUCTION	2
SCOPE OF THIS SIGNPOSTING & FEEDBACK OPPORTUNITY	2
HEADLINE CHANGES.....	3
<i>The following are some of the urgent corporate actions that have driven changes for the 2023 questionnaires:</i>	<i>3</i>
Transition to a business aligned with a 1.5-degree world (Climate Change Questionnaire).....	3
Plastics (Water Security Questionnaire).....	3
Integration of other reporting standards and taxonomies (All Questionnaires)	4
Action beyond direct operations (All questionnaires).....	5
Production and consumption of cattle products (Forests Questionnaire)	6
Classification of ecosystem conversion risk (Forests Questionnaire).....	6
Water pollution and hazardous substances (Water Security Questionnaire).....	6
Current state questions including transition metrics (Water Security Questionnaire)	7
Finance Sector specific actions (Climate Change Questionnaire)	7
HOW TO PROVIDE FEEDBACK	8
DEVELOPMENTS TO NOTE	8
CLIMATE CHANGE CHANGES FOR 2023	8
FINANCIAL SERVICES CHANGES FOR 2023.....	22
FORESTS CHANGES FOR 2023	26
WATER SECURITY CHANGES FOR 2023	33
PLASTICS	40
New questions presented to all disclosers to the Water Security questionnaire	40
Quantitative metrics.....	41
BEYOND 2023	42

Introduction

CDP is providing its stakeholders with an opportunity to:

- ▼ Preview some of the key changes to the questionnaires for the 2023 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.

In the third year of what must be a decade of urgent environmental action, the need to halve emissions by 2030 and transition to a fully net-zero economy by 2050 becomes more critical than ever. CDP is committed to accelerating global environmental ambition and action. Robust, timely and actionable environmental data is key to driving this further and faster. 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 of tomorrow, helping companies, investors, cities, states and regions to benchmark the transition to a 1.5 degrees, nature-positive economy.

Scope of this Signposting & Feedback Opportunity

This Feedback Opportunity is limited to the preparedness on responding to the content presented in this briefing document. This is not a comprehensive list of all changes to the questionnaires, but an overview of new areas CDP is exploring and significant changes to previous ways of reporting something.

Changes are described below. It is important to note that all question text presented here is in draft form and subject to change at CDP's discretion.

The full and final 2023 questionnaires will be available on the website in early January 2023.

Headline changes

Annual revisions and developments to CDP questionnaires catalyze best practice, improving both data quality and the disclosure experience. They drive action and decision-making necessary for CDP's vision of a thriving economy that works for people and the planet in the long term.

The following are some of the urgent corporate actions that have driven changes for the 2023 questionnaires:

Transition to a business aligned with a 1.5-degree world (Climate Change Questionnaire)

In its first two decades, CDP's Climate Change questionnaire focused on raising ambition around climate and providing data to improve governance and decision-making. But time is fast running out to prevent catastrophic climate change, and an irreversible loss of nature and habitats. There is now an urgent need to ensure that stated intentions are accompanied by specific plans, with transition metrics, and evidence of progress against agreed goals.

- ▼ Procuring energy from sources that lead to new renewable capacity in the market
- ▼ Reporting the completeness of emissions inventories, including Scope 3 exclusions
- ▼ Ensuring most relevant Scope 3 emissions are reflected in target setting and emissions accounting
- ▼ Aligning public policy engagement to support a 1.5 degree world
- ▼ Increasing investment in research and development of low-carbon technologies
- ▼ Ensuring that any carbon credits purchased or originated are of high quality
- ▼ Halting exploration and expansion of oil & gas fields, coal mines, coal mine extensions, and unabated coal plants

Plastics (Water Security Questionnaire)

CDP, with expertise and support from The Pew Charitable Trusts, Minderoo Foundation, and the Ellen MacArthur Foundation, is taking its first steps in expanding its disclosure framework to help solve the plastic pollution crisis. Plastic pollution harms our ecosystems, economies and communities - threatening the function of the world's oceans and freshwater ecosystems, which serve as sanctuaries for biodiversity, vital food sources and major carbon sinks. In July 2022, CDP ran a detailed [plastics consultation](#) with its stakeholders.

All companies requested to disclose to the water security questionnaire will be asked to report plastic related data. Plastics are dominant pollutants in freshwater ecosystems worldwide. CDP's Water Security Questionnaire already includes plastic-related response options and reaches some of the highest impact companies (such as those in fashion, food retailers and fossil fuel producers), so is perfectly positioned to further expand and include new questions and metrics on plastic pollution.

Additionally, companies involved in the production of plastics polymers, durable plastic components, durable plastic goods, plastic packaging, goods packaged in plastics, and/or provision of retail and food services will be asked to provide quantitative plastic impact indicators.

Greater awareness is needed on how business activity is contributing to this crisis, and the huge role it can play in tackling the challenge. The introduction of plastics related questions in 2023 incentivises companies to improve their understanding and disclosure of their exposure to commercial, legal, and reputational risks linked to their dependence on plastics goods or packaging. The data disclosed will provide investors, and other stakeholders, with clear, comprehensive, comparable plastic-related data across the global economy, further directing the flow of capital towards sustainable activities.

- ▼ Eliminating problematic plastics
- ▼ Increasing plastics circularity

Integration of other reporting standards and taxonomies (All Questionnaires)

As the only global environmental disclosure system, CDP will play a crucial role in accelerating the implementation of upcoming standards at scale, including sustainable finance taxonomies. In line with our strategy, CDP will continue to align with global and jurisdictional-level reporting standards, such as those in development by the International Sustainability Standards Board (ISSB) and the European Union, in our disclosure system.

In 2023, new content has been added from the following:

- ▼ Sustainable finance taxonomies: Taxonomies such as the [EU Sustainable Finance Taxonomy](#) (an EU-wide classification and terminology system for economic activities) are critical to understanding whether economic activities can be considered environmentally sustainable. CDP is piloting new questions and datapoints for 2023 to provide capital market stakeholders with financial information aligned with taxonomies related to climate change mitigation and climate change adaptation. In future, CDP will drive forward the implementation of sustainable finance taxonomies by integrating the most-high quality and impactful taxonomy criteria in emerging sustainable finance taxonomies into the CDP questionnaires.

- CDP's 2023 Climate Change questionnaire includes new data points related to spending/revenue aligned with transition and with activities under the EU sustainable finance taxonomy
- ▼ [European Sustainable Finance Disclosure Regulation](#) (launched by the EU to improve and standardise sustainability reporting).
 - CDP's 2023 Climate Change questionnaire includes new data points related to activities located in or near to biodiversity sensitive areas.
 - CDP's 2023 Water Security questionnaire includes new data points related to water pollution.
- ▼ [EU Sustainability Reporting Standards \(ESRS\)](#)
 - CDP's 2023 Water Security questionnaire includes revisions to integrate the proposed ESRS water pollutants categories.
- ▼ [IUCN guidelines](#) for planning and monitoring corporate biodiversity performance.
 - CDP's 2023 Climate Change questionnaire includes new data points related to value chain dependency on biodiversity.
- ▼ [S&P's Global Corporate Sustainability Assessment](#)
 - CDP's 2023 Water Security questionnaire includes new data points related to hazardous substances.
- ▼ [GFANZ sector-specific alliances](#) and [Investor Climate Action Plans \(ICAPs\)](#)
 - CDP's 2023 Climate Change questionnaire includes revisions to support reporting in line with GFANZ members' net zero commitments as part of their sector-specific alliances, and to report actions taken in line with the ICAPs framework.

Action beyond direct operations (All questionnaires)

Companies committed to reducing environmental impacts will be able to disclose how they are driving action beyond their own direct operations, including supply chain and product use phase.

- ▼ Tracking supplier compliance and performance against the purchasing company's forest-related commitments (Forests)
- ▼ Setting contractual requirements for suppliers to demonstrate action and impact (Water security)
- ▼ Funding of individuals who could influence policy, law, or regulation that could impact the climate (Climate Change)

Production and consumption of cattle products (Forests Questionnaire)

Disclosure on the sustainable production and consumption of cattle helps halt deforestation, improve sustainable land management, enhance nature positive practices and reduce greenhouse gas emissions. Cattle production is a major contributor to deforestation and conversion of natural ecosystems.

- ▼ Improving land use efficiency
- ▼ Diversifying to alternative proteins
- ▼ Reducing waste from commodity sourcing/production
- ▼ Improving traceability

Classification of ecosystem conversion risk (Forests Questionnaire)

These actions align with the Consumer Goods Forum commodity roadmaps, as well as the Accountability Framework Initiative's approach to attributing risk.

- ▼ Detailing the breakdown of deforestation and conversion-free commodity volumes within the supply chain and how they are verified.
- ▼ Determining the risk of ecosystem conversion within sourcing areas.

Water pollution and hazardous substances (Water Security Questionnaire)

Water pollution affects business performance, as well as broader economic development, ecosystem functioning, and human health. Improving water quality by reducing and managing water pollutants and minimizing the release of hazardous substances is critical to achieving water security.

- ▼ Eliminating and managing water pollutants
- ▼ Substituting hazardous substances

Current state questions including transition metrics (Water Security Questionnaire)

This data is critical for driving water security so will now be requested from all companies regardless of the importance rating they report for their dependence on water quantity and quality. Additionally, to encourage the transition to a water secure future, data points will be added requesting the anticipated future trends on water accounting.

- ▼ Reporting on the monitoring of water aspects, water accounting data (including forward trends), and engagement activities that drive action on water security in the value chain

Finance Sector specific actions (Climate Change Questionnaire)

In addition to strengthened reporting on climate transition, FS organizations will report more information on the actions they are taking to succeed in a water secure future and one without deforestation or conversion of natural ecosystems.

- ▼ Glasgow Financial Alliance for Net Zero (GFANZ) members reporting against their net zero commitments and Investor Climate Action Plans (ICAPs)
- ▼ Assessing water-related risks and opportunities within portfolios, and the potential impact on water security
- ▼ Setting of targets for deforestation free and water secure lending, investing and insuring
- ▼ Monitoring portfolio companies' use of landscape and jurisdictional approaches to sustainability goals

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 2023 questionnaires are published on our website in January 2023.

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

How to provide feedback

Step 1: Review the content outlined in the Briefing Document

Please review the Briefing Document outlining the 2023 headline changes outlined in this document.

Note, this is not a comprehensive list of all changes to the questionnaires, but an overview of new areas CDP is exploring and significant changes to previous ways of reporting something.

Step 2: complete the dedicated survey

Provide feedback to CDP relating to the changes, including preparedness to respond to questions and the need for support from CDP.

[Provide feedback.](#)

This Feedback Opportunity is limited to the preparedness on responding to the content presented in this briefing document

Developments to note

Climate Change changes for 2023

The 2023 Climate Change questionnaire will introduce new questions and updated questions on topics which reflect the strategic priorities for CDP and its stakeholders, incentivise action, and enable companies to demonstrate their transition towards a 1.5 degree world.

Key changes

Topics being introduced or strengthened for 2023:

1. Procurement of low carbon and renewable energy
2. Emissions breakdown by subsidiary
3. Scope 3 emissions – targets and exclusions
4. Investment in R&D of low carbon products and services
5. Collaboration with transition-related industry initiatives
6. Employee incentives

7. Public policy engagement
8. Internal carbon pricing
9. Taxonomy-aligned spending & revenue
10. Carbon capture, utilisation, and storage
11. Project-based carbon credits
12. Science-based targets
13. CAPEX related to exploration or expansion of fossil fuels for the oil and gas and coal sectors
14. Activities located in or near to biodiversity sensitive areas

C1 Governance

In this module, changes are planned for the following sections:

- Board oversight
- Management responsibility
- Employee incentives

Board oversight: Modifications to strengthen disclosure on how companies influence climate action outside of their value chains through public policy engagement.

▼ **[Modified question] (C1.1b) Provide further details on the board's oversight of climate-related issues**

- Companies will be presented a refined list of governance mechanisms including oversight of public policy engagement and climate transition plans.
- Ambition: The Board has oversight of the organization's climate transition plan and public policy engagement that may influence the climate.

Management responsibility: Modifications to drive management accountability for processes key to climate-related issues by strengthening disclosure of the responsibilities of the position/committee.

▼ **[Modified question] (C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

- Companies will be presented a refined list of management responsibilities including public policy engagement and climate transition plans.
 - Ambition: Companies have management responsibility for climate-related public policy engagement, and for the development and implementation of a climate transition plan. Climate-related management responsibilities are linked to a specific role.
- ▼ **[Removed question] (C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals)**
- New data requested in C1.2 would lead to duplication of reporting. To avoid this, C1.2a is merged into C1.2 and all TCFD recommendations previously captured in this question will be reported in C1.2.

Employee incentives: The modification allows companies to demonstrate that they have meaningful incentives in place to drive action on climate change.

- ▼ **[Modified question] (C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**
- Companies will be asked to indicate how the incentives are linked to the organization's strategy or climate transition plan, and performance indicators will be made more specific and granular.
 - Quantitative details and timeframe of the performance indicator will be requested.
 - Ambition: Incentives that drive environmental action are applied at executive management level, are company specific, measurable, trackable, have a specified timeframe, and are tied to the organization's strategic objectives through a long-term incentive plan where applicable.

C3 Business strategy

In this module, changes have been made in the following sections:

- Business strategy

Business strategy:

- ▼ **[Modified question] (C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world (e.g. by using a sustainable finance taxonomy)?**

- Sustainable finance taxonomies are critical to understanding whether economic activities can be considered environmentally sustainable.
- Companies will be asked to indicate if they use a sustainable finance taxonomy to identify if their spending/revenue is aligned to a 1.5°C world.
- Ambition: Companies align their spending/revenue with their 1.5°C transition.
- ▼ **[Modified question] (C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's transition to a 1.5°C world.**
 - Companies disclosing alignment with a sustainable finance taxonomy will be asked to disclose the taxonomy and objective under which information is being reported.
 - All companies will be asked to disclose the absolute financial figure for alignment to a 1.5°C world in the reporting year.
 - Ambition: The share of spending/revenue that is aligned with a company's transition to a 1.5°C world (or aligned with a sustainable finance taxonomy) increases over time.
- ▼ **[New question] (C3.5b) Quantify the percentage share of your spending/revenue that was associated with eligible and aligned activities under the sustainable finance taxonomy in the reporting year.**
 - This new question addresses the reporting requirements for non-financial companies as they relate to the EU Taxonomy regulation, but also allows reporting against other sustainable finance taxonomies
 - It collects quantitative information on taxonomy eligibility and alignment according to financial KPIs and climate-related objectives, and qualitative supporting contextual information on the assessment of taxonomy.
 - Ambition: Companies provide complete and accurate information on the alignment of key financial metrics to the sustainable finance taxonomy, per activity. A company's taxonomy alignment increases year on year.
- ▼ **[New question] (C3.5c) Provide any additional contextual and/or verification/assurance information relevant to your organization's taxonomy alignment.**
 - This question allows companies to offer any overarching contextual information that they were unable to report at activity-level in the previous question, and/or indicate whether they have verified their taxonomy alignment data.
 - Ambition: Companies provide quality assurance of their taxonomy-alignment data and additional contextual information related to the nature and calculation of their financial KPIs.

C4 Targets and performance

In this module, changes have been made in the following sections:

- Targets

Targets: Two questions will ask about the coverage of Scope 3 targets, inclusion of CO2 emissions from bioenergy, and SBTi Forest, Land and Agriculture (FLAG) targets.

- ▼ **[Modified question] (C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**
- ▼ **[Modified question] (C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**
 - To align with the SBTi and best practice on target setting, companies will be requested to provide a breakdown of target coverage by each Scope 3 category selected. This will allow SBTi and other data users to understand the coverage of individual Scope 3 categories when compared to the emissions inventory.
 - SBTi validation of FLAG targets will be underway by the 2023 disclosure cycle, therefore companies disclosing an SBT will be asked if the target covers any land-related CO2 emissions and/or whether it includes emissions/removals related to bioenergy.
 - Ambition: Companies accurately report target coverage for all relevant Scopes and Scope 3 categories. Companies adhere to SBTi criteria when reporting land-related emissions and removals within SBTs and FLAG targets.

C5 Emissions methodology

In this module, changes are planned for the following sections:

- Changes in the reporting year

Changes in the reporting year: Companies will be able to restate emissions per Scope and for a longer past period.

- ▼ **[Modified question] (C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?**
 - Companies will be able to select whether they wish to provide recalculated base year and restated past years' emissions, by Scope. The number of years a company can restate past year emissions for will increase to 5 years. This question will now drive the appearance of past year rows in C6.1, C6.3, C6.5a (previously driven by selections in C0.2)
 - Ambition: When necessary, companies are recalculating their base year and emissions from previous years to provide a representative time series of emissions.

C6 Emissions data

In this module, changes are planned for the following sections:

- Scope 1 emissions data
- Scope 2 emissions data
- Exclusions
- Scope 3 emissions data
- Emissions intensities

Scope 1 emissions data:

- ▼ **[Modified question] (C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?**
 - Companies will now be able to restate Scope 1 emissions for up to the past 5 reporting years.
 - Ambition: Companies are transparent with which Scopes they have recalculated base year and past year emissions for the past 5 reporting years.

Scope 2 emissions data:

- ▼ **[Modified question] (C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?**
 - Companies will now be able to restate Scope 2 emissions for up to the past 5 reporting years.
 - Ambition: Companies are transparent about the Scopes they have recalculated base year and past year emissions for.

Exclusions:

- ▼ **[Modified question] (C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?**
 - Companies will now be able to indicate if there are sources of Scope 3 emissions that are excluded from their disclosure.
 - Ambition: Companies are transparent on emissions sources excluded from Scope 3 categories and report all material emissions.
- ▼ **[Modified question] (C6.4a) Provide details of the sources of Scope 1, Scope 2, and Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure**

- Companies will be able to report details of sources of emissions that are within their reporting boundary but are not included in their disclosure for all Scope 3 categories.
- Ambition: Companies are transparent on emissions sources excluded from Scope 3 categories and ensure that all material emissions are reported.

Scope 3 emissions data:

- ▼ **[Modified question] (C6.5a) Disclose or restate your Scope 3 emissions data for previous years.**
 - Companies will now be able to restate all Scope 3 category emissions for up to the past 5 reporting years.
 - Ambition: Companies are transparent about the Scopes they have recalculated base year and past year emissions for.

C7 Emissions breakdown

In this module, changes are planned for the following sections:

- Emissions breakdown by subsidiary (New section)

Emissions breakdown by subsidiary: to gather data on whether companies are reporting data on behalf of their subsidiaries.

- ▼ **[New question] (C7.7) Is your organization including data for any of your subsidiaries in your CDP response?**
- ▼ **[New question] (C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.**
 - Reporting subsidiary-level emission figures will help investors and customers understand whether subsidiary emissions profiles differ to the parent company. For parent companies submitting a consolidated response to CDP, reporting emissions at the subsidiary level can enhance engagement opportunities, improve customer Scope 3 calculations, and provide useful data for making comparisons between subsidiaries.
 - Ambition: Companies disclose subsidiary-level Scope 1 and 2 emissions figures.

C8 Energy

In this module, changes are planned for the following sections:

- Energy-related activities

Energy-related activities: Several questions have been modified to better differentiate energy procurement that drives additional low carbon or renewable energy capacity and to align with the updated RE100 technical criteria.

▼ **[Modified question] (C8.2e) 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**

- Sourcing methods are modified to better differentiate impactful energy procurement, which drives the addition of new low-carbon or renewable energy capacity to the grid. To inform this, the Power Purchase Agreements sourcing method is split into physical and virtual, and the green tariff sourcing method is split into project-specific and retail supply contract with electricity supplier options.
- Ambition: Companies choose impactful procurement options that lead to new low-carbon or renewable energy capacity being brought into the grid, such as power purchase agreements.

▼ **[Modified question] (C8.2g) Provide a breakdown by country of your non-fuel energy consumption in the reporting year**

- Modified to capture the breakdown of consumption of purchased and self-generated energy separately by country/area, increasing granularity for data users.
- Ambition: RE100 member companies only exclude from their commitment the electricity consumption up to 100MWh per year per country/area for markets where it is not technically feasible to source renewable electricity via any credible sourcing options, and with a total limit of 500 MWh globally.

▼ **[RE100 only - Modified question] (C8.2h) Provide details of your organization's renewable electricity purchases in the reporting year by country.**

- Sourcing methods listed will be modified to better differentiate impactful electricity procurement, which drives an addition of renewable electricity capacity to the grid. The PPA sourcing method is split into physical and virtual PPA and the green tariff sourcing method is split into project-specific and retail supply contract with electricity supplier options.
- Column header wording has been revised to make clear that self-generation should not be reported in this question.
- 'Total attribute instruments retained for consumption' (previously requested in column 5) will no longer be reported to improve clarity for companies and quality of the data reported.

- Ambition: Companies choose impactful procurement options that lead to new low-carbon or renewable energy zero or near-zero emission factor capacity being brought into the grid, such as power purchase agreements (PPAs).

▼ **[RE100 only - Modified question] (C8.2j) Provide details of your organization’s renewable electricity generation by country in the reporting year.**

- To improve clarity for responders, reduce reporting effort, and improve data quality, some columns are removed/merged.
- Columns 6-9 and 11 removed - “Renewable electricity directly consumed by your organization”, “Renewable electricity sold to the grid”, “Certificates issued for the renewable electricity that was sold to the grid”, and “Certificates issued and retired for self-consumption” and “Total self-generation counted towards RE100 target”.
- Replaced with one column asking if energy attribute certificates were issued for the generation.
- Ambition: Companies claim self-generated consumption to demonstrate progress towards their RE100 commitment.

C9 Additional metrics

In this module, changes are planned for the following sections:

- CAPEX breakdown (new section title)
- Low-carbon investments
- Transfers & sequestration of CO2 emissions

CAPEX breakdown: One new question and one modified question in this section. To capture data on CAPEX associated with exploration of new oil/gas fields, new coal mine extensions and new unabated coal plants.

▼ **[New question] (C-OG9.5a/C-CO9.5a) Break down, by fossil fuel expansion activity, your organization’s CAPEX in the reporting year and CAPEX planned over the next 5 years.**

- Data users wish to understand whether organizations are investing in the exploration/expansion of new fossil fuel resources. Under the IEA NZE scenario, the key policy assumptions state that no new oil and gas field exploration should occur after 2021 and no new coal mines or coal mine extensions should be approved for development after 2021.
- This question captures data on current and future CAPEX on exploration or new development activities for these fossil fuels.
- It also aligns with the Race to Zero criteria, which asks companies to recognize as part of their pledge that limiting warming to 1.5C with limited or no overshoot requires “phasing down and out of all unabated fossil fuels”.
- Ambition: There is no exploration of new oil & gas fields and no new coal mines/extensions from 2021 onwards.

▼ **[Modified question] (C-EU9.5a) Break down, by source, your organization’s CAPEX in the reporting year and CAPEX planned over the next 5 years.**

- Companies will be asked to provide the most recent year in which a new power plant for each source was approved for development.
- Under the IEA NZE scenario, one of the key policy assumptions is that no new unabated coal plants should be approved for development after 2021.
- Ambition: There are no new unabated coal plants approved for development from 2021 onwards.

Low-carbon investments: Sector specific questions have been modified to capture how companies use their R&D spend to drive development of technologies central to the achievement of their transition plans. Technology dropdown options are improved to include the most critical technologies for each sector’s transition.

▼ **[Modified questions] (C-[CE/CG/CH/CN/CO/EU/MM/OG/RE/ST/TO/TS]9.6a) Provide details of your organization’s investments in low-carbon R&D for [SECTOR] activities over the last three years.**

- A forward-looking datapoint will capture predicted trends in R&D investment of specific technology areas over time.
- The comment fields will be targeted to understand how an organization’s R&D investments are aligned with its climate transition plan.
- The drop-down options for “Technology area” will be revised to reflect the IEA ETP Clean Technology Guide – this will ensure that the technologies most critical for each high impact sector’s net-zero transition are represented in this question.
- Ambition: Companies demonstrate a trend of increasing investment in R&D for the clean technologies that are key to sector transition, and they invest in technologies lower on the readiness scale and of higher importance for net-zero emissions.

Transfers & sequestration of CO₂ emissions: Two questions will be modified to plug the gaps in our data capture of CCU/S which are identified as ‘transitional’ technologies for emissions-intensive sectors in many external scenarios.

▼ **[Modified question] (C-OG9.8a) Provide, in metric tons CO₂, gross masses of CO₂ transferred in and out of your organization in the reporting year.**

- Companies will be requested to indicate types of CO₂ transfer to help data users understand why CO₂ is being transferred in and out of a company’s reporting boundary and where the CO₂ has come from or is going to.
- This will help connect the dots between companies involved in the ‘capture’ part of CCS, and oil and gas companies involved in the ‘storage’ part.

- Ambition: Companies are transparent about where the CO₂ is being transferred from/to.
- ▼ **[Modified question] (C-OG9.8b) Provide gross masses of CO₂ injected and stored during the reporting year according to the injection and storage pathway.**
 - Drop-down options will be added to better capture the range of injection and storage activities that an oil and gas company may be involved in.
 - New will capture information on the accounting of CO₂ leakage during injection and storage, and the processes used for monitoring long-term storage, all of which demonstrate the quality and effectiveness of the storage.
 - Ambition: Where CCS is used, storage is long-term, monitored, and leakage should be minimized.

C11 Carbon pricing

In this module, changes are planned for the following sections:

- Carbon credits
- Internal carbon pricing

Carbon credits: Two questions have been modified to focus data collection on cancelled credits and understand the quality of project-based carbon credits.

- ▼ **[Modified question] (C11.2a) Provide details of the project-based carbon credits cancelled by your organization in the reporting year.**
 - New columns will request data on aspects of best practice standards as indicators of quality, and the vintage of credits at cancellation.
 - Options for 'Project Type' are to be expanded to include those which would generate carbon removals and a new column asks whether the credit is generated from emissions reductions or removals.
 - The datapoint "Purpose, e.g., compliance" will be revised to better link this question to the mandatory carbon pricing system questions earlier in the module.
 - Companies will be asked to quantify the number of credits cancelled by their organization from that project in the reporting year and indicate the vintage of those credits.
 - Ambition: Cancelled carbon credits are verified to a best practice standard which addresses issues such as additionality, leakage, and reversal.

Internal carbon pricing: One question has been modified to improve data quality.

▼ **[Modified question] (C11.3a) Provide details of how your organization uses an internal price on carbon.**

- The response table will now be driven by the type of internal carbon price to indicate that companies are requested to add a row for each type of internal carbon price implemented.
- Companies will be requested to explain how the price will change (e.g. % increase) and when (e.g. annually) over time if they selected that they use an evolutionary pricing approach.
- New column (“Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO₂e)”) added to allow companies reporting a differentiated pricing approach to disclose the range of prices which are applied across their organization.
- “Application” column will be split into two: “Application in business decision-making processes” with drop-down options of business decision-making processes, and “Enforcement of this internal carbon price” asking whether the price enforcement is mandatory. This will provide data users with important information on the breadth and depth of the application of the carbon price within the organization.
- Companies will be requested to state how the use of an internal carbon price contributes to the achievement of their transition plan or climate strategy.
- Ambition: Internal carbon prices are applied strategically, enforced across all business decision making processes, and are aligned with the carbon price levels needed to meet the Paris Agreement goals.

C12 Engagement

In this module, changes are planned for the following sections:

- Value chain engagement
- Public policy engagement
- Industry collaboration

Value chain engagement: Some questions have been modified to understand whether companies are working with their whole value chain around climate transition plans, improving their credibility.

▼ **[Modified question] (C12.1a) Provide details of your climate-related supplier engagement strategy.**

- Drop-down options added to improve data collection on climate transition plans and to align with the CA100+ benchmark indicator 9.3a
- Ambition: Companies are facilitating and incentivizing suppliers in their value chain to develop climate transition plans.
- ▼ **[Modified question] (C12.1b) Provide details of your climate-related engagement strategy with your customers**
 - A new drop-down option added to improve data collection on climate transition plans and to align with the CA100+ benchmark and the Glasgow Financial Alliance for Net-Zero (GFANZ).
 - Ambition: Companies engage with customers in their value chain to develop their climate transition plan.

Public policy engagement: Some questions have been modified to strengthen data collection on how companies influence climate action outside of their value chains through public policy engagement.

- ▼ **[Modified question] (C12.3) Does your organization assess whether it engages in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**
 - The question wording and response options will be revised to focus on whether organizations assess if their activities could directly or indirectly influence policy, law, or regulation that may impact the climate.
 - Ambition: Companies assess whether both their active and passive associations/activities could directly or indirectly influence policy, law, or regulation that may impact the climate.
- ▼ **[Modified question] (C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?**
 - Companies will be asked if they are actively engaging on legislation which will help achieve their climate transition plan.
 - Ambition: Companies align their engagement with policy makers with the goals of the Paris Agreement and engage on policies which are central to the achievement of their climate transition plan.
- ▼ **[Modified question] (C12.3b) Provide details of the trade associations your organization engages with, or is a member of, which are likely to take a position on any policy, law or regulation that may impact the climate.**
 - Funding figure will no longer be optional because the majority of companies fund trade associations through membership fees.
 - Ambition: Companies align their engagement with trade associations that they engage with or are passive members of with the goals of the Paris Agreement. Where the trade associations' position is not aligned with these goals, companies seek to influence the position.

- ▼ **[Modified question] (C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.**
 - “Political committee” will be added as a type of organization to enable the reporting of funding to SuperPAC, 527 Groups for example in the US.
 - Ambition: Companies’ funding of other organisations or individuals whose activities could influence policy, law, or regulation that may impact the climate are aligned with the goals of the Paris Agreement.

Industry collaboration: A new question has been added to track commitments to net-zero initiatives and campaigns (all sectors except Financial Services).

- ▼ **[New question] (C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**
 - By becoming a signatory of environmental collaborative industry initiatives, organizations contribute to the development of environmental disclosure frameworks, metrics and commitments that will help their sector and the wider real economy meet the goals of the Paris Agreement.
 - Ambition: Companies are a signatory/member of transition-related collaborative initiatives to signal to investors the organization’s commitment to aligning its business with a 1.5C world.

C15 Biodiversity

In this module, changes are planned for the following sections:

- IUCN alignment –impacts and dependencies
- SFDR mandatory indicator alignment

IUCN alignment: One question has been modified to improve alignment with the IUCN guidelines.

- ▼ **[Modified question] (C15.3) Does your organization assess impacts and dependencies on biodiversity within its value chain?**
 - Question is broadened to ask whether companies are assessing the dependency, as well as the impacts, of their value chain on biodiversity (in-line with IUCN guidelines), and the methods used.
 - Ambition: Companies assess the impacts and dependencies of their value chain on biodiversity using recognized methods.

SFDR mandatory indicator alignment: A new question has been added to capture data relevant for financial market participants to comply with the SFDR requirement.

- ▼ **[New question] (C15.4) Provide details of your organization's activities in the reporting year located in or near to biodiversity sensitive areas.**
 - This new question addresses the requirement under the Sustainable Finance Disclosure Regulation (SFDR) for the consideration of Principal Adverse Impacts (PAIs) arising from the activities of organizations.
 - It captures information required by investors to calculate PAI 7 – 'Activities negatively affecting biodiversity' - companies, indicate whether they have any activities (sites/operations) in or near to biodiversity sensitive areas and whether those activities could negatively affect biodiversity.
 - Ambition: Companies' activities do not negatively affect biodiversity sensitive areas where mitigation measures have not been implemented accordingly.

Financial Services changes for 2023

CDP disclosure enables financial institutions to demonstrate their commitment to the transition to a low carbon economy through their own activities and activity in their portfolio companies, and in particular members' commitments to Glasgow Financial Alliance for Net Zero (GFANZ) initiatives and alignment with Investor Climate Action Plan (ICAP).

Key changes

In addition to the changes to the Climate Change questionnaire, these are some topics that will be introduced or strengthened for Financial Services disclosers only.

1. For GFANZ members, alignment with GFANZ commitments and Investor Climate Action Plan (ICAP).
2. Use of quantitative metrics for water-related risks and opportunities within portfolio and the potential impact of portfolios on water security.
3. Setting of targets for deforestation free and water secure lending, investing and insuring.
4. Monitoring the use of landscape and jurisdictional approaches to sustainability goals by portfolio companies.

C3 Business strategy

- ▼ **[Modified question] (C-FS3.6a) Provide details of the policies which include climate-related requirements that clients/investees need to meet.**
 - New option to disclose developments of pathways to net-zero by 2050 or sooner will be added to meet Net Zero Banking Alliance (NZBA) requirement.
 - Ambition: Financial institutions develop pathways to net-zero by 2050 or sooner.
- ▼ **[Modified question] (C-FS3.8a) Provide details of the covenants included in your organization's financing agreements to reflect and enforce your climate-related policies.**
 - New option to explain how covenants are implemented will be added to meet Net Zero Banking Alliance (NZBA) requirement.
 - Ambition: Financial institutions use covenants in all financing agreements to enforce climate action.

C4 Targets and performance

- ▼ **[Modified question] (C-FS4.1d) Provide details of the climate-related targets for your portfolio.**
 - New option will be added to enable disclosure of portfolio coverage using monetary metrics.
 - New option enables companies to disclose frequency of target reviews. This meets a Net Zero Banking Alliance (NZBA) requirement.
 - New option will be added to report targets set in line with the GFANZ commitments.

- Ambition: Financial institutions set clear targets for lending, investing and/or insuring that works for people and planet in the long term.

C12 Engagement

- ▼ **[Modified question] (C-FS12.1b) Give details of your climate-related engagement strategy with your clients.**
 - New option will be added to disclose on engagement with clients with the most GHG-intensive and GHG-emitting activities, on their decarbonisation strategies and net-zero transition pathways, to meet Net-Zero Insurance Alliance (NZIA) requirement.
 - Ambition: Financial institutions engage with their clients to support their transition to net-zero by 2050 or sooner.

C14 Portfolio impact

- ▼ **[Modified question] (C-FS14.0) For each portfolio activity, state the value of your financing and insurance of carbon-related assets in the reporting year.**
 - Disclosers will be asked for further context on the data, such as the industries banks include in disclosure of carbon-related assets.
 - Ambition: Financial institutions are transparent and fully disclose their financing and insurance of carbon-related assets.
- ▼ **[New question] (C-FS14.1[x]) Disclose or restate your portfolio emissions for previous years.**
 - A new question will collect emissions data for previous years, akin to C6.5a. This allows for tracking progress in alignment with Net Zero Banking Alliance (NZBA).
 - Ambition: Financial institutions are transparent and fully disclose current and past portfolio emissions.

FW-FS Forests and Water Security - Financial Services

- ▼ **[Modified question] (FW-FS2.1a) Describe how you assess your portfolio's exposure to forests- and/or water-related risks and opportunities.**
 - New options will be added to include quantitative metrics for portfolio assessment; and the proportion of clients/investees exposed to substantive risk.

- Ambition: Financial institutions assess, quantitatively, their portfolio's exposure to forests- and/or water-related risks and opportunities.
- ▼ **[Minor change] (FW-FS2.4a) 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.**
 - New option will be added to allow for disclosure of Landscape and Jurisdictional approaches.
 - Ambition: Financial institutions include Landscape and Jurisdictional approaches when developing financing products and solutions for deforestation free financing and insuring.
- ▼ **[New question] (FW-FS3.[x]) Is your organization setting targets for deforestation free and/or water secure lending, investing and/or insuring?**
- ▼ **[New question] (FW-FS3.[x]a) Provide details of the targets you are setting for deforestation free and/or water secure lending, investing and/or insuring.**
 - Two new questions will enable companies to report targets related to forests and/or water security.
 - Ambition: Financial institutions set clear targets on how to provide deforestation free and/or water secure lending, investing and/or insuring.
- ▼ **[Modified question] (FW-FS3.3a) Provide details of your existing products and services that enable clients to mitigate deforestation and/or water insecurity.**
 - New option will be added to this question to enable disclosure of Landscape and Jurisdictional approaches.
 - Ambition: Financial institutions offer products and services that enable clients to mitigate deforestation and/or water insecurity.
- ▼ **[Modified question] (FW-FS4.1a) Give details of your forests- and/or water-related engagement strategy with your clients.**
- ▼ **[Modified question] (FW-FS4.1b) Give details of your forests- and/or water-related engagement strategy with your investees.**
 - New option will be added to these two questions enable disclosure of Landscape and Jurisdictional approaches.
 - Ambition: Financial institutions engage with their clients/investees to support their transition to a deforestation free and water secure world.

- ▼ **[Removed question] (FW-FS5.2b) How much of the financing/insurance disclosed is extended to clients/investees that meet your policy expectations on how to manage their impact on forests?**
 - This question will be removed as data points are now captured in new question FW-FS5.3.

- ▼ **[New question] (FW-FS5.3) Indicate whether you measure the percentage of clients/investees compliant with your forests- and/or water-related requirements stated in question FW-FS3.4 and provide details.**
 - New question will be added to include quantitative metrics on compliance with forests- and/or water-related requirements.
 - Ambition: Financial institutions ensure that their clients and investees are compliant with all policies including forests- and/or water-related requirements.

Forests changes for 2023

The Forests questionnaire developments enable companies to demonstrate actions they are taking to accelerate and succeed in an economy without deforestation or conversion of natural ecosystems.

Key changes

Some topics that will be introduced or strengthened for 2023:

1. Setting forest related goals linked to landscape and jurisdictional approaches
2. Cattle products
3. Embedded commodities
4. Risk and sourcing area
5. Measuring supplier performance
6. Progress against targets

F0 Introduction

In this module, changes are planned for the following sections:

- Commodity disclosure
- Exclusions

Commodity disclosure: Companies will be asked if they are disclosing data on embedded commodities.

▼ **[Modified question] (F0.4) 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.**

- A new column will enable companies to state if they are disclosing data on embedded commodities.
- Ambition: Companies assess the scope of their embedded commodities and include it within company-wide decisions made on their total commodity volume.

Exclusions: To allow companies to report more accurately on their commodity exclusions, companies will be asked to state volume of their exclusions and the specific commodities.

▼ **[Modified question] (F0.6a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.**

- Ambition: Companies will have a very low % of their commodity volumes excluded from disclosure

F1 Current state

In this module, changes are planned for the following sections:

- Measurement

Measurement: To increase transparency and improve data collection on cattle, land management, and attributed risk by sourcing area, datapoints and a new question has been added.

▼ **[Modified question] (F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).**

- Companies will be asked to report on the change in land area from the last reporting year
- Ambition: Companies have halted the increase of land use related to cattle or reduced the area of land that is being used to produce cattle commodities.

▼ **[New question] (F1.5b) Provide a breakdown of your DCF and non-DCF volumes according to how verification is achieved and the highest level of traceability.**

- Ambition: Companies are able to account for the DCF status or traceability of all commodity volumes and are working towards eliminating the deforestation and conversion of other ecosystems in their supply chains.

F2 Procedures

In this module, changes are planned for the following sections:

- Risk assessment
- Risk assessment of sourcing area

Risk assessment: Companies will be able to disclose on embedded commodities, information on how much of their supply chain is covered by the risk assessment and the issues considered.

▼ **[Modified question] (F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**

- Ambition: Companies demonstrate that embedded commodities are considered in their forest-related risk assessment

Risk assessment of sourcing area: A new question requests companies to disclose on the deforestation risk of their sourcing areas, as well as the methodology for determining the risk levels.

▼ **[New question] (F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes what methodology is used and what is the classification used for?**

- Ambition: Companies demonstrate that they have acknowledge varying levels of risk associated with their sourcing areas and undertake an assessment to determine this risk

F3 Risks and opportunities

In this module, changes are planned for the following sections:

- Risks
- Opportunities

Risks: Companies will be asked if embedded commodities are considered within a company's risk assessment, and will be able to indicate whether embedded commodities are included as part of their total commodity volumes, rather than just direct commodities.

▼ **[Modified question] (F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

- Ambition: Companies eliminate deforestation risk related to embedded commodities through proportionate responses.

Opportunities: Companies will be asked for more details on their forests related opportunities, including the costs to realize it.

▼ **[Modified question] (F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

- Ambition: Companies cost all forests-related opportunities and have a strategy for realising them.

F4 Governance

In this module, changes are planned for the following sections:

- Employee incentives
- Policy
- Public commitments

Employee incentives: The modification allows companies to demonstrate that they have meaningful incentives in place to drive action on forest-related issues.

▼ **[Modified question] (F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

- Companies will be asked for details of incentives, and how incentives help to achieve overall forest strategy.
- Ambition: Incentives that drive environmental action apply at executive management level, are company specific, measurable, trackable, have a specified timeframe, and are tied to the organization's strategic objectives through a long-term incentive plan where applicable.

Public commitments: To simplify the reporting experience for companies with public commitments covering different commodities, and to allow for commodity specific cut-off date information to be disclosed, two questions have been modified.

▼ **[Modified question] (F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

- Ambition: Companies have public commitments for each of their disclosed commodities.

▼ **[Modified question] (F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

- Companies will be asked further information on their cut-off date(s).
- Ambition: Companies have commitment cut-off dates aligned with established schemes, such as certification systems (e.g. FSC or RSPO), or regulatory mechanisms, such as the Amazon Soy Moratorium.

F6 Implementation

In this module, changes are planned for the following sections:

- Targets
- Traceability
- Certification
- Brazilian Forest Code
- Control systems
- Engagement
- Landscape approaches
- Restoration

Targets: To allow for companies to report progress against targets more effectively and against a wider range of metrics, new columns for types of target and their associated metrics, new columns for reporting baseline and target figures, and drop-downs for metrics have been added to the following:

▼ **[Modified question] (F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

- Ambition: Companies can demonstrate clear quantifiable progress against their targets

Traceability: To improve transparency around the traceability of commodities, companies will be asked for greater detail on their traceability systems relating to supply chain coverage and countries where traceability applies.

▼ **[Modified question] (F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

- Ambition: Companies have traceability systems that cover their full commodity volumes

▼ **[Modified question] (F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity volumes**

- Ambition: Companies trace their full commodity volume to the initial traceability point in all countries they source a commodity from

Certification: To allow companies opportunities to disclose more clearly on embedded commodity disclosure, further detail regarding certification of embedded soy is being requested.

▼ **[Modified question] (F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

- Ambition: Companies certify 100% of their embedded soy volumes.

Control systems: New information requested to understand the scope of action on improving supplier performance through engagement of non-compliant suppliers.

▼ **[Modified question] (F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).**

- Ambition: Companies should be engaging with 100% of their non-compliant suppliers to resolve their non-compliance issue(s).

Brazilian forest code: To reduce complexity and reporting effort on Brazilian Forest Code, three questions have been merged.

▼ **[Modified question] (F6.5) Do you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code?**

▼ **[Removed question] (F6.5a)** For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure your own compliance with the Brazilian Forest Code and your performance against these indicator(s).

▼ **[Removed question] (F6.5b)** For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

- Ambition: Companies track level of compliance and work towards full compliance with the Brazilian Forest Code both in direct operations and/or in their supply chain.

Engagement: Companies will be asked to report on the action goal of the engagement with suppliers and how it contributes to targets on supplier performance relating to deforestation and other commitments.

▼ **[Modified question] (F6.8)** Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, or other requirements?

- Ambition: Companies demonstrate robust engagement across their supply chain to fulfil an environmental action and promote further supplier engagement in their supplier's supply chain.

Landscape approaches: Changes capture how companies are engaging in landscape and jurisdictional approaches and how their engagement is linked to their strategies for deforestation-/conversion-free production or sourcing of forests risk commodities.

▼ **[Modified question] (F6.10)** Do you engage in landscape approaches (including jurisdictional approaches) to progress shared sustainable land use goals?

▼ **[Modified question] (F6.10a)** Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

- In the above two questions, response options have been added to improve alignment with other initiatives such as ISEAL, Landscape, and IDH SourceUp.
- Ambition: Companies prioritise which landscapes or jurisdiction to engage in based on where they are potentially well-placed to have positive impact.

▼ **[Modified question] (F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

- Updated column headers and drop-down options provide clarity to disclosing companies on monitoring progress in a landscape/jurisdiction, and provide greater alignment with relevant frameworks and initiatives.
- Ambition: Companies engage in collaborative landscapes and jurisdictional approaches to contribute to positive outcomes in landscapes and jurisdictions, including driving the transition toward deforestation- and conversion-free production.

▼ **[New question] (F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the jurisdictions/landscapes you engage in.**

- For each of their disclosed commodities, companies will be asked about whether any of their sourcing/production volumes originate from landscapes or jurisdiction they engage in, and to disclose volume data if able/willing.
- Ambition: Companies transparently report on volumes produced/sourced from landscapes or jurisdictions they engage in.

Restoration and protection: New columns and response options have been added to strengthen disclosure on restoration and conservation projects and enable companies to demonstrate actions taken either as a part of direct operations, linked to their sourcing areas or funded restoration or conservation activities elsewhere.

▼ **[Modified question] (F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

- Companies will be asked about their expected benefits of project, whether the project is originating any carbon credits, where the project is taking place in relation to their value chain, and total investment over the project period.
- Ambition: Companies have set targets for and are involved in projects that implement nature-based solutions. Companies are increasingly seeking to engage with approaches that can strengthen the enabling conditions for sustainable production across entire regions

Water Security changes for 2023

The Water Security questionnaire developments enable companies to demonstrate the actions they are taking across their value chains to drive water security and reduce detrimental impacts.

Key changes

These are some of the topics that will be introduced or strengthened for 2023.

1. Water accounting and value chain engagement – information requested from all companies regardless of importance rating for water
2. Transition – anticipate future trends for water accounting data
3. Driving supplier action – classifying suppliers according to water impact and setting contractual supplier requirements
4. Pollution – emissions to water and pollutant management
5. Hazardous substances – use and substitution of hazardous substances
6. Targets – emphasizing the importance of targets relating to water pollution, water withdrawals, and water, sanitation & hygiene (WASH)
7. Coal sector – presented with questions previously specific to the Metals & mining sector only
8. Agricultural commodities sector - presented with questions previously specific to the Food, beverage & tobacco sector only

W1 Current state

In this module, changes are planned for the following sections:

- Dependence
- Company-wide water accounting
- Hazardous substances (new section)
- Value-chain engagement (shifted from W1.4 to W1.5)

Dependency: All companies will now be presented with questions in the Current state module, regardless of the importance rating given for water use in W1.1. Measuring and monitoring water accounting metrics, and engaging with the value chain, are essential for understanding and taking action on the impact of water use.

▼ **[Revised question dependency] (W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

- Ambition: All companies measure and monitor relevant water volumes and parameters, as well as engage with their value chains on water.

Company-wide water accounting: To encourage the transition to a water secure future, data points will be added requesting the anticipated future trends for water accounting data to the following:

- ▼ **[Modified question] (W1.2b) 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?**
- ▼ **[Modified question] (W-OG1.2c) In your oil & gas sector operations, what are the total volumes of water withdrawn, discharged, and consumed (by business division), how do they compare to the previous reporting year, and how are they forecasted to change?**
- ▼ **[Modified question] (W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting period, and how it is forecasted to change.**
 - **Ambition:** Companies assess anticipated forward trends in water demand, and transition towards business models which do not pose threats to rivers, lakes, aquifers, and streams.

Company-wide water accounting: Companies in the agricultural commodities sector will now be presented with questions on agricultural production/sourcing from areas with water stress.

- ▼ **[New question for AC] (W-FB1.2e/W-AC1.2e) For each commodity reported in question W-FB1.1a/W-AC1.1a, do you know the proportion that is produced/sourced from areas with water stress?**
- ▼ **[New question for AC] (W-FB1.2f/W-AC1.2f) What proportion of the produced agricultural commodities reported in W-FB1.1a/W-AC1.1a originate from areas with water stress?**
- ▼ **[New question for AC] W-FB1.2g/W-AC1.2g What proportion of the sourced agricultural commodities reported in W-FB1.1a/W-AC1.1a originate from areas with water stress?**
 - **Ambition:** Companies which produce or source agricultural commodities from water stressed areas are reducing water withdrawals from these areas.

Company-wide water accounting: New question to address the requirement under the Sustainable Finance Disclosure Regulation (SFDR) for the consideration of Principal Adverse Impacts (PAIs) arising from the activities of organizations. This captures information required by

investors to calculate PAI 8 'Emissions to water' - companies quantify metric tons of direct emissions to water of nitrates, phosphates, pesticides, and other priority substances.

▼ **[New question] (W1.2k) Provide details of your organization's direct emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.**

- Ambition: Companies monitor and reduce their emissions to water to protect water bodies against pollution from nutrients, pesticides, and other priority substances.

[New section] Hazardous substances: New questions on hazardous substances will be presented to all companies. (These are in alignment with [S&P Global: Corporate Sustainability Assessment](#), DJSI 2022). Tracing and eliminating the use of hazardous substances in all sectors is pivotal in safeguarding the quality of water sources and by extension its effects on humans and ecosystems.

▼ **[New question] (W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?**

▼ **[New question] (W1.4a) What percentage of your company's products (in terms of revenue) contain substances classified as hazardous by a regulatory authority?**

- Ambition: Companies track their use of hazardous substances and transition away from sourcing/using hazardous substances in their products

Value-chain engagement: New questions on classifying suppliers based on water impacts so that companies can target their engagement efforts towards their most impactful suppliers, and new questions on water-related requirements for suppliers which are a powerful mechanism for driving water security actions in a company's supply chain.

▼ **[New question] (W1.5) Do you classify your suppliers according to their impact on water security?**

▼ **[Modified question (2022 W1.4)] (W1.5a) Do you engage with your value chain on water-related issues?**

▼ **[Modified question (2022 W1.4a)] (W1.5b) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of suppliers that have been classified as impactful does this represent?**

- ▼ **[New question] (W1.5c) Do your suppliers have to meet water-related requirements as part of your organisation's purchasing process?**
- ▼ **[New question] (W1.5d) Provide details of the water-related requirements that suppliers have to meet as part of your organisation's purchasing process, and the compliance measures in place.**
- ▼ **[Modified question (2022 W1.4b)] (W1.5e) Provide details of any other water-related supplier engagement activity.**
- ▼ **[Modified question (2022 W1.4c)] (W1.5f) Provide details of any water-related engagement activity with customers or other value chain partners.**
 - **Ambition: Companies take action to minimise the environmental impacts of their supply chain by setting water-related requirements for their suppliers and targeting their efforts towards suppliers with the largest water impacts.**

W3 Procedures

In this module, changes are planned for the following sections

- Water pollutant management
- Other management procedures
- Risk assessment

Water pollutant management: All disclosers will now be presented with questions on the identification and management of potential water pollutants (previously presented only to CH, EU, FB, and OG).

- ▼ **[New question] (W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?**
- ▼ **[New question] (W3.1a) Describe how your organization minimizes adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.**
- ▼ **[Removed questions] W-CH3.1, W-CH3.1a, W-EU3.1, W-EU3.1a, W-FB3.1, W-FB3.1a, W-OG3.1, W-OG3.1a.**

- Ambition: Companies define and identify potential water pollutants linked to their business operations and products, and they reduce and manage these effectively.

Other management procedures: Companies with coal mining operations will be presented with questions on tailings dams management.

- ▼ **[New question for CO] (W-MM3.2/W-CO3.2)** By river basin, what number of active and inactive tailings dams are within your control?
- ▼ **[New question for CO] (W-MM3.2a/W-CO3.2a)** Do you evaluate and classify the tailings dams under your control according to the consequences of their failure to human health and ecosystems?
- ▼ **[New question for CO] (W-MM3.2b/W-CO3.2b)** Provide details for all dams classified as ‘hazardous’ or ‘highly hazardous’.
- ▼ **[New question for CO] (W-MM3.2c/W-CO3.2c)** To manage the potential impacts to human health or water ecosystems associated with the tailings dams in your control, what procedures are in place for all of your dams?
 - Ambition: Companies with tailings dams operations take appropriate actions to prevent and mitigate risks to human health and ecosystems.

Risk assessment: The product use phase is being added to the list of value chain stages for risk assessments.

- ▼ **[Modified question] (W3.3a)** Select the options that best describe your procedures for identifying and assessing water-related risks.
 - Ambition: Companies conduct thorough water risk assessments across all stages of their value chain.

W6 Governance

In this module, changes are planned for the following sections

- Employee incentives

Employee incentives: The question is revised so that the link between employee incentives and an organization’s water strategy can be clearly reported.

▼ **[Modified question] (W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?**

- Ambition: Companies set meaningful incentives for C-suite/board-level employees to take action on water security.

W8 Targets

In this module, changes are planned for the following sections

- Targets and goals

Targets and goals: Targets relating to water pollution, water withdrawals, and water, sanitation & hygiene (WASH) will be reported on in separate questions, recognising that these are critical areas for companies to be setting and achieving targets.

▼ **[New question] (W8.1a) Do you have a target(s) to reduce or eliminate pollution?**

▼ **[New question] (W8.1b) Provide details on your water pollution targets, and the progress made.**

- Ambition: Companies have timebound targets to eliminate pollution, which are informed by science.

▼ **[New question] (W8.1c) Do you have a target(s) to reduce withdrawal volumes?**

▼ **[New question] (W8.1d) Provide details on your water withdrawal targets, and the progress made.**

- Ambition: Companies have timebound targets to reduce water withdrawals, which are informed by science.

▼ **[New question] (W8.1e) Do you have a target(s) to improve water, sanitation, and hygiene (WASH) services?**

▼ **[New question] (W8.1f) Provide details on your water, sanitation, and hygiene (WASH) targets, and the progress made.**

- Ambition: Companies have timebound targets to improve water, sanitation, and hygiene services across their value chain.

▼ **[New question] (W8.1g) Do you have other water-related targets that are monitored at the corporate level?**

▼ **[Modified question (2022 W8.1a)] (W8.1h) Provide details of these targets, and the progress made.**

- Ambition: Companies have timebound water targets for other critical aspects of their business operations.

▼ **[Removed question (2022 W8.1b)] Provide details of your water goal(s) that are monitored at the corporate level and the progress made.**

- To simplify disclosure, companies will no longer be asked about water related goals. References and questions related to goals will be removed.
- The focus will be on timebound, quantitative targets, and future question development will reflect the outcomes of the Science Based Targets for Nature initiative.

Plastics

CDP questions and metrics have been informed by existing frameworks including the Ellen MacArthur Foundation and UNEP's New Plastics Economy Global Commitment framework. For 2023 we take a light touch approach to collecting information on awareness and monitoring, which supports the action needed to move to an economy where problematic plastics have been eliminated and circularity is maximised.

The focus for 2023 is on the most problematic Plastics production and use, i.e., plastic polymers, durable plastics and plastics packaging. (Note that most single use plastic forms part of packaging. Action on single use plastics beyond packing is a lower priority for corporate action).

Five questions relating to the awareness of plastics issues for the business will be presented to all disclosers to the Water Security questionnaire, and some additional quantitative metrics will be presented only to companies engaged in specific plastic-related activities.

In recognition that many companies are developing their action and reporting on plastics, responses to these questions will not be scored in 2023.

New questions presented to all disclosers to the Water Security questionnaire

New terms and concepts will be defined in the 2023 Reporting guidance.

Mapping plastics production, use, and/or disposal:

▼ **[New question] Have you mapped where in your value chain plastics are used and/or produced?**

- Ambition: Companies map the role of plastics in their revenue generation across all their value chain.

Potential impacts to the environment and society

▼ **[New question]** Across your value chain, have you assessed the potential impact of your use and/or production of plastics on the natural environment and society?

- Ambition: Companies assess their plastics-related impacts, enabling them to keep plastics circulating in the economy and eliminate all problematic and unnecessary plastics.

Risks to the business

▼ **[New question]** Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business?

- Ambition: Companies assess and manage plastics-related risks, allowing them to, for example, comply with all regulations on plastics, improve their environmental reputation, and transition to circular economic models.

Targets

▼ **[New question]** Do you have plastics-related targets, and if so what type?

- Ambition: Companies set and take action towards timebound, measurable plastics-related targets to reduce or eliminate fossil-based content in plastics, to eliminate problematic and unnecessary plastics, and to innovate towards circularity.

Activities

▼ **[New question]** Indicate whether your organization engages in the following activities.

- Selection of activities will drive the quantitative metrics questions. to eliminate problematic and unnecessary plastics, and to innovate towards circularity.

Quantitative metrics

Metrics only requested from companies with specific plastics activities.

▼ **[New question]** Provide the total weight of plastics polymers sold and indicate the raw materials.

▼ **[New question]** Provide the total weight of plastic durable goods/components sold and indicate the raw materials.

▼ **[New question]** Provide the total weight of plastics packaging sold and/or used and indicate the raw materials.

- Ambition: Companies measure and monitor the raw materials in their plastics products and reduce the use of fossil-based content.
- ▼ **[New question] Indicate the circularity potential of the plastics packaging you sold and/or used.**
 - Ambition: Companies will monitor the reusability and recyclability of their plastic packaging sold and used, and work towards circulating all plastic packaging within a circular economy.

Beyond 2023

CDP is committed to playing our part in realizing a net-zero, nature-positive world by 2050. To this end, we intend to evolve our disclosure system to support transparency, accountability and course correction to a sustainable transition pathway. Our questionnaires will align with best practice disclosure standards, focussing disclosers on managing their environmental impacts and dependencies.

Key expected developments beyond 2023 are summarised below, and CDP will ensure stakeholders are updated in future signposting communications.

CDP is working to expand its disclosure framework to encompass a wider range of environmental concerns. We will do this by identifying the key additional environmental issues relevant to corporate disclosure and developing our disclosure framework to include them. The range of issues and timing for introduction is to be confirmed, but the initial areas we are exploring include ocean, biodiversity, and land use. We encourage companies to begin thinking about their environmental impacts and dependencies in these areas.

- ▼ **Ocean Health:** In line with the emerging thinking under [TNFD](#) and [ESRS](#), CDP is planning to develop an ocean disclosure process. The ocean produces over half the world's oxygen and absorbs 50 times as much carbon as the atmosphere, and provides \$2.5 trillion in goods and services annually. Disclosure is a vital step in measuring progress towards SDG14, Life Below Water. CDP is currently assessing gaps and opportunities in existing ocean disclosure work and will identify the best ways to build on the work already underway in enabling disclosure relating to ocean dependencies and impacts. Relevant focus areas include the plastics questions already planned for 2023, and other issues such as deep-sea mining, commercial fishing, and contamination.
- ▼ **Forests and land use** – The questions tracking and driving company progress on eradicating deforestation from supply chains will continue to evolve as understanding of the most effective approach develops. The focus on promoting landscape and jurisdictional approaches will likely develop further, there will be a greater emphasis on transition plans and there is ambition to expand scoring to a wider range of commodities. Beyond tackling deforestation there will be an increased focus on restoration and conservation of forests as

well as a broadening of scope to include other forms of land use change, including the contributions of forest, land and agriculture (FLAG) management to climate goals.

- ▼ **Freshwater** – CDP is following closely the work of the [Science-based Targets Network](#) and will explore how the questionnaire can track the uptake of freshwater science-based targets. We will continue to develop transition-related metrics and scoring to assess corporate progress towards a water secure future. The water accounting sections including facility-level reporting and verification, will also be revisited to improve the coverage of, and confidence in, our data.
- ▼ Evolution of nature-related disclosure for the Financial Services sector will align with the execution of CDP's strategy, and reflect the approach taken for corporate disclosures in relation to the themes above.
- ▼ **Emissions accounting:** CDP is following closely the development and update of the [GHG Protocol](#) standards and guidance (e.g. the upcoming Land Sector and Removals Guidance) and will be revising the emissions accounting questions if necessary, to ensure the continued alignment.
- ▼ **Scoring evolution and assessment:** in line with the CDP strategy 2021-2025, CDP will continue optimising questionnaires and scoring methodologies for evaluating companies' transition journeys - scoring company performance against scientific benchmarks, their historic and current impacts, the projected impact of targets, their product portfolios and disclosure of their transition plan, with a focus on coherence of corporate action both internally and externally. This will provide a clear assessment of an entity's historic impact and future ambition, whether that ambition is sufficient to meet global climate and nature-related goals, and their performance against targets and plans. CDP will draw on the lessons we have learnt on the climate journey and apply the same rigor and methods to the task of restoring nature, in recognition that these issues are inextricably connected.
- ▼ **Small and Medium Enterprises:** CDP recognises the importance of SMEs to the world economy and has already contributed to developing an SME Climate Disclosure framework. This framework aims to promote disclosure in SMEs in a way that maximises ambition but minimises reporting burden to drive strategic and impactful actions and commitments. CDP is aiming to transform this framework into a questionnaire with guidance and support targeted at SME's.
- ▼ **Upcoming Environmental disclosure standards and regulation:** As more reporting standards and regulation are finalized, CDP will continue to integrate global and jurisdictional-level reporting standards into our disclosure system, such as those in development by the International Sustainability Standards Board (ISSB), the European Union and the US Securities and Exchange Commission (SEC) and explore opportunities for incorporating frameworks such as the Task Force on Nature-related Financial Disclosures (TNFD).
- ▼ **Sustainable Finance Taxonomies:** CDP will continue to integrate the most-high quality and impactful taxonomy criteria in emerging sustainable finance taxonomies, exploring opportunities for integrating criteria, beyond what is set to be included in 2023 from the EU Sustainable Finance Taxonomy.

- ▼ **Emerging frameworks and taxonomies:** With several taxonomies under development, and acknowledging that one global taxonomy is unlikely in the foreseeable future, CDP will avoid integrating one variation to the exclusion of others. CDP will retain its position as an independent repository of gold-standard data by mapping and analysing current and emerging priority sustainable finance taxonomies, to identify key areas which build on corporate best practice, and leverage those key areas by integrating them into CDP questionnaires and scoring.
- ▼ **The Science Based Targets for Nature (SBTN)** initiative supports entities to set science-based targets for water, ocean, land and biodiversity, complementing the work on net zero emissions targets under the SBTi. CDP is engaged with the SBTN approach and intends to take account of disclosers commitments to science-based goals for nature in a similar way to those for climate.

As we expand the range of environmental issues to cover and align across a diverging set of jurisdictional disclosure regimes, we will prioritise integration of our systems and simplification of our data disclosure requirements. This will be to ensure we ask the minimum number of questions necessary to ensure rigorous and credible data provision across the environmental spectrum.