
Invitation to provide feedback on CDP's questionnaires

September 1 – September 21 2015

CDP's climate change questionnaire

Consultation document

The first section of this consultation document sets out the proposed changes to CDP's climate change questionnaire in 2016. The second section highlights areas of change that are likely to come into effect the following year, 2017, or later.

Comments on these proposals are requested from all stakeholders between **1 September and 21 September 2015**. Once the consultation period is over, CDP will review the comments and prepare the final questionnaire. Please note the proposals presented in this document are not final, and therefore do not reflect the exact questions or changes that will form the final 2016 questionnaire.

For reference you may wish to access the 2015 version of the questions:

[Click here to view the 2015 climate change questionnaire](#)

Feedback is requested through the online feedback form that accompanies this document. To access the feedback form, please copy and paste the following URL into a new window in your browser: <http://goo.gl/forms/UjZDKFA69f>

Stakeholders

We invite comment on the questionnaires and specific questions detailed in the consultation documents from:

- ▼ Investors and financial analysts;
- ▼ CDP's supply chain members;
- ▼ Organizations responding to CDP;
- ▼ Data aggregators and providers;
- ▼ NGOs and governmental bodies working on related issues;
- ▼ CDP's service partners¹.

¹ [CDP works with accredited service providers](#) to deliver operational benefits to responding companies.

Additional consultation documents

Separate consultation documents have been prepared for:

- ▼ Supply chain module 2016;
- ▼ A blueprint for an integrated questionnaire for the food, beverage and agriculture (FBA) sector;
- ▼ Electric utilities sector developments;
- ▼ Auto & auto component manufacturer module; and
- ▼ Oil & gas sector developments (*expected October*).

CDP will be stabilizing both the Water and Forests questionnaires, with no major changes introduced in 2016.

Our decision to stabilize these two questionnaires arises from three main objectives:

1. To allow companies time to align their reporting processes and develop the maturity of their reporting without any further changes to our questionnaires.
2. To calibrate our new scoring methodologies for Water and Forests against comparable data to incentivize improved environmental performance.
3. To facilitate comparable datasets for cross year analysis for data users.

As such, there will be no consultation documents produced for these programs, however, organizations are welcome to provide any comments on the 2015 questionnaires or any other aspects of corporate reporting for water and forests in our [general feedback form](#).

Introduction and summary of changes

Introduction

CDP's questionnaires are designed to take companies through a journey with the ultimate objective of changing business practice to prevent dangerous climate change, safeguard water resources and remove commodity-driven deforestation from corporate supply chains. The key principles for introducing changes to CDP's questionnaires are:

- Increase the relevance of the data to investors or supply chain members;
- Reflect important developments in environmental reporting;
- Improve data quality;
- Make it easier to disclose;
- Enable CDP to automate the scoring process; and
- Contribute towards the realization of one or more of [CDP's strategic aims](#).

Summary of proposed changes for the 2016 cycle

The table below outlines the proposed changes for 2016. Where more detail is needed, this is included in subsequent pages of this consultation document, as indicated in the table of contents on page 4.

Section	Question	Scale	Reason	Details
Letter to the Chairman	N/A	Minor	<ul style="list-style-type: none"> • To explore the value in CDP continuing to send letter to the chairman of companies 	CDP is considering changing whether they send a letter to the chairman
Reducing the Reporting Burden		Medium	<ul style="list-style-type: none"> • To ensure the climate change questionnaire remains relevant • To reduce the reporting burden of companies 	CDP is proposing to remove specific questions from the climate change questionnaire
Climate Change Targets	CC3.1	Medium	<ul style="list-style-type: none"> • Allow companies who have set science based targets to reflect them in the climate change questionnaire 	<p>Introduction of a column asking a company whether their target is science based</p> <p>Addition of a column asking for sector</p>
Energy and Renewable Energy	CC11	Medium	<ul style="list-style-type: none"> • Allow companies to report renewable energy consumption targets • To facilitate better data analysis on energy related question 	<p>Additional option for companies to select a renewable energy consumption target in CC3.1</p> <p>Removal of electricity and fuel from CC11.2</p> <p>Replacing CC11.3 and instead ask for total consumption of fuel in reporting year</p> <p>New question asking companies how much electricity they produced and consumed in the reporting year</p>

Section	Question	Scale	Reason	Details
Scope 2 Accounting	CC8.3, CC10.1a, CC12.2-4	High	<ul style="list-style-type: none"> To align with the GHG Protocol Scope 2 Guidance To reflect contractual instruments in the climate change questionnaire To increase transparency on renewable energy purchases 	<p>Changes to Scope 2 accounting require certain companies to provide two Scope 2 figures (location-based, market-based)</p> <p>Some companies asked to provide two Scope 2 figures in CC8.3a, CC10, CC12.2, CC12.3, CC12.4</p>
Low Carbon Products	CC3.2	Medium	<ul style="list-style-type: none"> To reflect investors' increasing awareness of low carbon products 	Expanding CC3.2 beyond avoided emissions to include low carbon products
CC1. Governance	CC1.2a	Minor	<ul style="list-style-type: none"> Improve data quality Efficient data analysis for investors 	Additional options to the drop down
CC2. Strategy	CC2.3	Minor	<ul style="list-style-type: none"> Efficient data analysis Reducing reporting burden 	Restructuring of question and new list of options
CC4. Communications	CC4.1	Minor	<ul style="list-style-type: none"> Provide information to investors on Integrated Reporting 	Addition of Integrated Reporting to the list of values

Please note that all question numbers in this document refer to CDP's 2015 climate change questionnaire; these may change in the 2016 version of the questionnaire.

Summary of proposed changes for the 2017 cycle and beyond

Area of change	Question	Scale	Description
CDP sector approach	N/A	High	CDP will increase our focus on key sectors
External engagement	CC2.3	High	CDP will review the effectiveness of the current questions on companies' external engagement.

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Letter to the chairman

Rationale for change

At the start of each year's disclosure, on February 1, CDP sends a letter to the chairman or CEO of every company officially requested to disclose to investors through CDP. The letter details the reasons for the request, what is being requested, and who is requesting it. As CDP is now an established annual process, we are considering if this letter still serves its purpose. A summary of the request is also sent to our contacts within the company.

Consultation questions

- Is your company more likely to disclose if a physical copy of the letter is sent directly to your chairman or CEO?
 - More likely
 - No difference
 - Less likely
 - Unknown
- If 'more likely', would a PDF version emailed to the primary contact at your company also be suitable?
- Please describe any benefits of this letter sent to your chairman.

Proposed changes for 2016: climate change questionnaire

The following sections outline the proposed evolution of the climate change questionnaire. In each of the different sections, changes to the questionnaire are explained and followed by a number of questions for organizations to answer. The proposed changes are categorized into the following sections:

1. Reducing the reporting burden for responding companies
2. Evolution of best practice
 - ▼ Targets
 - ▼ Energy and renewable energy
 - ▼ Scope 2 accounting
3. Low carbon products
4. Minor amendments to existing questions

Please note that you do not have to respond to all the questions, simply the ones where you wish to make a comment. If you need any further clarifications about the questions or more details about the section, please email respond@cdp.net

Reducing the reporting burden

Rationale for change

Two of CDP's principles for change are to increase the relevance of data to investors or supply chain members, as well as to reflect important developments in environmental reporting. However this must always be reconciled with the fact that question changes should be kept to a minimum in order to ensure cross year comparability and reduce the reporting burden on companies.

How the core climate change questionnaire evolves must be decided with careful consideration, as inevitably best practice develops, and with it new metrics. As new questions/metrics develop, it is appropriate that the relevance of existing questions be evaluated.

To ensure the questionnaires reflect evolving best practice and to reduce the reporting burden on companies, in 2016 CDP wishes to reduce the number of questions that companies are requested to answer in the climate change questionnaire, either by removing certain questions altogether or making them optional.

To evaluate the impact of reducing the number of requested questions and inform CDP's decision on which questions could be removed, CDP would like to learn from all its stakeholders about:

- ▼ **how you are using the following questions;**
- ▼ **how useful is each one of the following questions to your organization at present, and why;**
- ▼ **The implications for your organization of this data point no longer being collected through CDP's climate change questionnaire.**

Many of the questions below are presented in CDP's Online Response System as structured table questions. [Click here to view the 2015 climate change questionnaire.](#)

Please input on the following questions:

CC2. Strategy

- ▼ **CC2.3e: Do you fund any research organizations to produce or disseminate public work on climate change?**
- ▼ **CC2.3f: Please describe the work and how it aligns with your own strategy on climate change**

CC7: Emissions Methodology

- ▼ **CC7.1: Please provide your base year and base year emissions (Scopes 1 and 2)**

- ▼ **CC7.2:** Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions
- ▼ **CC7.2a:** If you have selected “Other” in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions
- ▼ **CC7.3:** Please give the source for the global warming potentials you have used
- ▼ **CC7.4:** Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

CC8: Emissions Data

- ▼ **CC8.5:** Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations
- ▼ **CC8.9:** Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
- ▼ **CC8.9a:** Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO₂

CC9. Scope 1 Emissions Breakdown

- ▼ **CC9.2e:** Please break down your total gross global Scope 1 emissions by legal structure

CC10. Scope 2 Emissions Breakdown

- ▼ **CC10.2d:** Please break down your total gross global Scope 2 emissions by legal structure

CC11. Energy

- ▼ **CC11.3:** Please complete the table by breaking down the total “Fuel” figure entered above by fuel type

CC13. Emissions Trading Schemes

- ▼ **CC13.1:** Do you participate in any emissions trading schemes?
- ▼ **CC13.1a:** Please complete the following table for each of the emission trading schemes in which you participate

- ▼ **CC13.1b: What is your strategy for complying with the schemes in which you participate or anticipate participating?**

In addition, in 2016 CDP intends to remove the following questions which were introduced in 2015 for one year only:

- ▼ **CC2.4: Would your organization's board of directors support an international agreement between governments on climate change, which seeks to limit global temperature rise to under two degrees Celsius from pre-industrial levels in line with IPCC scenarios such as RCP2.6?**
- ▼ **CC2.4a Please describe your board's position on what an effective agreement would mean for your organization and activities that you are undertaking to help deliver this agreement at the 2015 United Nations Climate Change Conference in Paris (COP 21)**

Consultation questions

1. Do you object to the removal of any of these questions from CDP's climate change questionnaire?
2. If so, please provide a rationale for this and explain why these questions are useful to your organization or to your investors or supply chain members, and the extent to which they are useful
3. Do you have any further comments on the proposed changes?
4. Would you propose the deletion of other questions? Which questions and why?

Evolution of best practice

1. Climate Change Targets

Rationale for change

CDP has encouraged companies to set emissions reduction targets in order to mitigate the impacts of anthropogenic climate change. Despite large increases in the number of companies setting targets, global emissions continue to increase, accelerating the need for companies to start setting more ambitious targets.

Science Based Targets is a joint initiative by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF intended to increase corporate ambition on climate action by changing the conversation on GHG emissions reduction target setting and creating an expectation that companies will set targets consistent with the level of de-carbonization required by science to limit global warming to less than 2°C compared to pre-industrial temperatures. CDP proposes to integrate science-based targets into both the core climate change questionnaire and scoring methodology in a gradual way, considering that this is an evolving field. Prior to the 2015 disclosure cycle CDP consulted with companies on the impact this would have on them and the extent to which these developments should be integrated into CDP's climate change questionnaire.

In order to integrate science-based targets into the core climate change questionnaire in 2016, CDP proposes to add a new column in both CC3.1a and CC3.1b that asks companies if the target is, in their assessment, a science-based target. Since several existing science-based methods are sector-based, a column asking for the sector the target is based on is also proposed. Furthermore, if companies identify a target as science based, they should explain in the "comment" column what methodology and scenario they used to assess the target. These additional data-points encourage companies to familiarize themselves with science-based target setting methods (by explicitly describing them as "science-based"). In addition, they would assist CDP in identifying targets that are reported as science-based, while minimizing reporting burden by asking for minimal amounts of additional information. Based on the results of data gathered from the 2016 questionnaire, the questionnaire might further evolve in future years. Please note that CDP will be adding new metric denominators in CC3.1b to further integrate science-based targets into this question.

Revised questions (new proposed columns and intensity denominators highlighted in grey)

CC3.1a: Please provide details of your absolute target

ID	Scope	% of emissions in scope	% reduction from base year	Base year	Base year emissions covered by target (metric tonnes CO ₂ e)	Target year	Is this a science-based target?	If relevant, list all sectors to which the target pertains	Comment
Select from: Abs1 Abs2 Abs3	Select from: <ul style="list-style-type: none"> • Scope 1; • Scope 2 (location-based) • Scope 2 (market-based) • Scope 1+2 (location-based) • Scope 1 +2 (market-based) • Scope 1+2 (location-based)+3 (upstream) • Scope 1+2 (location-based)+3 (downstream); • Scope 1+2 (market-based)+3 (upstream) • Scope 1+2 (market-based)+3 (downstream) • Scope 3: Purchased goods & services • Scope 3: Capital goods • Scope 3: Fuel- and energy-related activities (not included in Scopes 1 or 2) • Scope 3: Upstream transportation & distribution • Scope 3: Waste generated in operations • Scope 3: Business travel • Scope 3: Employee commuting • Scope 3: Upstream leased assets • Scope 3: Investments • Scope 3: Downstream transportation and distribution • Scope 3: Processing of sold products • Scope 3: Use of sold products • Scope 3: End-of-life treatment of sold products • Scope 3: Downstream leased assets • Scope 3: Franchises • Other, please specify 	Numerical Field	Numerical Field	Enter year between 1900 and 2014	Numerical Field	Enter year between 2014 and 2100	Select from: Yes No Don't know	List sectors as described in the method used to set the target	Text Field [maximum 2400 characters]

CC3.1b: Please provide details of your intensity target

ID	Scope	% of emissions in scope	% reduction from base year	Metric	Base year	Normalized base year emissions covered by target	Target year	Is this a science-based target?	If relevant, list all sectors to which the target pertains	Comment
Select from: Int1 Int2 Int3 ...	Select from: <ul style="list-style-type: none"> • Scope 1; • Scope 2 (location-based); • Scope 2 (market-based) • Scope 1+2 (location-based); • Scope 1+2 (market-based); • Scope 1+2 (location-based)+3 (upstream); • Scope 1+2 (location-based)+3 (downstream); • Scope 1+2 (market-based)+3 (upstream) • Scope 1+2 (market-based)+3 (downstream)Scope 3: Purchased goods & services • Scope 3: Capital goods • Scope 3: Fuel- and energy-related activities (not included in Scopes 1 or 2) • Scope 3: Upstream transportation & distribution • Scope 3: Waste generated in operations • Scope 3: Business travel • Scope 3: Employee commuting • Scope 3: Upstream leased assets • Scope 3: Investments • Scope 3: Downstream transportation and distribution • Scope 3: Processing of sold products • Scope 3: Use of sold products • Scope 3: End-of-life treatment of sold products • Scope 3: Downstream leased assets • Scope 3: Franchises • Other, please specify 	Numerical Field	Numerical Field	Select from: <ul style="list-style-type: none"> • Grams CO2e per revenue passenger kilometre* • Metric tonnes CO2e per USD value-added* • Metric tonnes CO2e per square meter* • Metric tonnes CO2e per tonne of aluminium* • Metric tonnes CO2e per tonne of steel* • Metric tonnes CO2e per tonne of cement* • Metric tonnes CO2e per tonne of paper and cardboard* • Grams CO2e per kilometer • Metric tonnes CO2e per unit revenue • Metric tonnes CO2e per unit FTE employee • Metric tonnes CO2e per unit hour worked • Metric tonnes CO2e per metric tonne of product • Metric tonnes of CO2e per liter of product • Metric tonnes CO2e per unit of production • Metric tonnes CO2e per unit of service provided • Metric tonnes CO2e per square foot • Metric tonnes CO2e per kilometer • Metric tonnes CO2e per passenger kilometer • Metric tonnes CO2e per megawatt hour (MWh) • Metric tonnes CO2e per barrel of oil equivalent (BOE) • Metric tonnes CO2e per vehicle produced • Metric tonnes CO2e per tonne of ore processed • Metric tonnes CO2e per ounce of gold • Metric tonnes CO2e per ounce of platinum • Metric tonnes of CO2e per tonne of aggregate • Metric tonnes of CO2e per billion (currency) funds under management • Other, please specify (mass CO2e per activity) 	Enter year between 1900 and 2014	Numerical Field	Enter year between 2014 and 2100	Select from: Yes No Don't know	List sectors as described in the method used to set the target	Text Field [maximum 2400 characters]

Consultation questions

5. Do you have any comments on the proposed changes?

2. Energy and Renewable Energy

Renewable energy consumption targets

Companies can reduce their energy-related CO₂ by using two main strategies: energy efficiency and fuel switching. A growing number of companies are setting targets for their energy consumption and have made public commitments to renewable energy (fuel switching). Achieving these targets implies realizing Scope 1 and Scope 2 (market based) GHG emissions reductions. However, energy targets are more broadly connected to the business' overall energy strategy, where companies consider multiple factors beyond CO₂ emissions, such as energy supply, policy risk, and cost. We are therefore giving companies the option to report renewable energy consumption targets independently, to reflect this distinct kind of strategy.

CDP proposes to amend the type of targets asked in question CC3.1 beyond emissions reduction targets to include renewable energy consumption targets, as a target type that is distinct from CO₂ reduction targets. In addition, CDP proposes to introduce a new question which asks companies to provide details of their renewable energy consumption target, including energy sources, base year consumption, and the percentage of renewable consumption in their target year. In future, CDP will consider expanding its remit of targets to include energy (absolute and intensity) efficiency targets.

CC3.1: Did you have an emissions reduction or renewable energy consumption target that was active (ongoing or reached completion) in the reporting year?

Select all that apply:

- Absolute target
- Intensity target
- Renewable energy consumption target (New value)
- No

CC3.1d: Please provide details of your renewable energy consumption target (New question)

ID	Energy sources covered by target	Base year	Base year energy consumption for energy type covered (MWh)	% renewable energy consumption in base year	Target year	% renewable energy consumption in target year	Comment
Select from:	Select from: <ul style="list-style-type: none"> • All energy consumed • Combustion of fossil fuels • Combustion of biofuels/biomass 	Enter year between 1900 and 2014	Numerical Field	Numerical Field (1-100%)	Enter year between 2014 and 2100	Numerical Field (1-100%)	Text Field [maximum 2400 characters]
RE1	<ul style="list-style-type: none"> • Electricity 						
RE2	<ul style="list-style-type: none"> • Heat 						
RE3	<ul style="list-style-type: none"> • Steam 						
...	<ul style="list-style-type: none"> • Cooling • Other, please specify 						

Energy accounting

In section CC11, CDP asks companies about their energy consumption during the reporting year. The purpose of this section is to drive a better understanding of the energy consumption profile of the company (given the strong relationship between emissions and energy consumption) and the company’s relative spend on energy. Furthermore the questions seek to highlight the options the company is following to reduce its impacts from energy use, such as increasing consumption of renewable energy. CDP proposes to change the drop down values in CC11.4 to reflect the different types of contractual agreements companies have with energy suppliers generating renewable energy. Additionally, CDP proposes to separate electricity and fuel from CC11.2 as this information can now be captured in CC11.4 and CC11.3.

CDP also proposes to expand this section beyond purchased and consumed energy by introducing a question asking for the amount of electricity and renewable electricity in MWh your organization has produced and consumed globally during the reporting year (CC11.5 below).

Proposed revised section CC11

CC11.1: *No change*

CC11.2: **Please state how much heat, steam and cooling in MWh your organization has purchased and consumed during the reporting year (*amended- electricity and fuel removed from table and covered in new questions CC11.3, CC11.4 and CC11.5*)**

Energy type	Energy purchased and consumed (MWh)
Heat	Numerical Field
Steam	Numerical Field
Cooling	Numerical Field

CC11.3: **Please complete the table by breaking down the total “Fuel” figure entered above by fuel type**

Propose to remove breakdown by fuel type and instead ask the following question:

CC11.3 **Please state how much fuel in MWh your organization has consumed (for energy purposes) during the reporting year (**New question**)**

CC11.4 **Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the market-based Scope 2 figure you provided in CC8.3a**

Basis for applying a low carbon emission factor	MWh consumed associated with low carbon electricity, heat, steam or cooling	Comment
Select from: (minor additions to the list of values)	Numerical Field	Text Field [maximum 2400 characters]

CC11.5: Please report how much electricity you produce in MWh, and how much electricity you consume in MWh (New question)

Total electricity consumed (MWh)	Consumed electricity that is purchased (MWh)	Total electricity produced (MWh)	Total renewable electricity produced (MWh)	Consumed renewable electricity that is produced by company (MWh)	Comment
Numerical Field	Numerical Field	Numerical Field	Numerical Field	Numerical Field	Text field

Consultation questions

6. Do you think is necessary to further differentiate energy efficiency targets from CO₂ emission reduction targets in CC3.1?
7. Do you understand what is being asked by “fuel your organization has consumed (for energy purposes)” in CC11.3? If no, would you require further explanation to understand what is being asked? If yes, would you like to report this in different units, for example Giga-joules (GJ)?
8. Do the different breakdowns on electricity consumed & produced make sense, or would you require further explanation to understand what is being asked?
9. Do you have any further comments on the proposed changes?

3. Scope 2 Accounting

Rationale for change

The final version of the GHG Protocol Scope 2 Guidance was published in January 2015. Part of the requirements of the guidance is that companies shall account for their Scope 2 emissions using two methodologies: a location-based method, and a market-based method. This is for those companies who have any operations in markets providing product or supplier specific data in the form of contractual instruments. If this is not applicable to your company, you only need to provide one location-based figure. The requirements of the GHG Protocol Scope 2 Guidance can be found below. For full details please view the GHG Protocol Scope 2 Guidance document [here](#).

In order to align with the GHG Protocol, this change will be reflected in CDP's climate change questionnaire in the 2016 reporting cycle. It will impact a number of CDP questions and CDP will be producing a technical note ahead of the disclosure cycle in order to assist companies through the changes.

According to the GHG Protocol a **location-based method** "reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)." The location-based method best reflects the actual energy mix from the grid that the company is accessing energy from. However, it limits the control a company can have in reducing their Scope 2 emissions beyond reducing energy use.

A **market-based method** reflects "emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims." When calculating a market-based Scope 2 figure, companies are given greater control over their Scope 2 inventory, where their choice in energy suppliers can be reflected. Therefore a company that purchases renewable energy and meets specific Quality Criteria, can calculate these purchases into their Scope 2 figure. Alternatively, a company that chooses not to purchase contractual instruments could calculate a higher Scope 2 figure using the market-based figure.

In order to align most appropriately with the GHG Protocol Scope 2 Guidance, CDP proposes:

- ▼ To introduce a new question (CC8.3) which asks whether a company had any operations in markets providing product or supplier specific data in the form of contractual instruments.
- ▼ A question in which companies provide their Scope 2 location-based figure and, if applicable, their market-based figure (CC8.3a).
- ▼ A new column on both market-based and location-based methods in question CC10.2, as well as CC10.1a.
- ▼ A new question in which companies are asked whether their emissions performance calculations in CC12.1 and CC12.1a are based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure.

- ▼ A column added to each of the intensity questions (CC12.2, CC12.3, CC12.4) asking companies whether they used the market-based or location-based Scope 2 figure in CC12.1 and CC12.1a.
- ▼ Additional drop down options in column 2 in both questions CC3.1a and CC3.1b asking companies to disclose whether their target pertains to either their location-based or market-based figure. These can be found in the Targets section of this document.

For reference, below are the requirements detailed in the GHG Protocol Scope 2 Guidance:

Table 1.1 Additions to scope 2 accounting introduced by Scope 2 Guidance

Topic	How addressed in the <i>Corporate Standard</i>	How addressed in the <i>Scope 2 Guidance</i>
Obtaining activity data (kWh)	Consult utility bills.	No change from <i>Corporate Standard</i> , but additional guidance for on-site consumption and sales including net metering programs (see Chapter 5).
Disclosing activity data (kWh)	No requirement.	Companies should disclose total consumed electricity within inventory boundary.
Emission factors	Hierarchy presented starting with source and supplier-specific, and then grid average.	Two distinct methods of scope 2 accounting required, each with their own hierarchy of emission factors.
Green power programs— which instruments can count?	<p>Example of a company, IBM, working with a local electricity supplier, Austin Energy, to purchase renewable energy to reduce scope 2 emissions.^a</p> <p>Example of a utility, Seattle City Light, providing emission rate information to customers.^b</p> <p>Example of a company, Alcoa, purchasing RECs in the U.S. to reduce emissions, based on an avoided emissions estimation and deduction accounting approach.^c</p>	<p>Market-based method goes beyond just green power programs and recognizes a category of contractual instruments that should be used when calculating a market-based scope 2 result. These instruments may not be for green power or even renewable energy. They include:</p> <ul style="list-style-type: none"> • Energy attribute certificates (GOs, RECs) • Direct contracts such as power purchase agreements (PPAs), where other instruments or energy attribute certificates do not exist • Supplier-specific emission rates • Residual mix (e.g., the emissions rate left after the three other contractual information items are removed from the system) <p>Guidance provides global examples of each contractual instrument type provided.</p>
Contractual instrument requirements	No requirements given.	All contractual instruments shall meet Scope 2 Quality Criteria to be used in the market-based method calculation. If they do not meet the Scope 2 Quality Criteria, then other data (listed in Table 6.3) shall be used as an alternative in the market-based method total. In this way, all companies required to report according to the market-based method will have some type of data option.
Accounting of green power purchases	No direct requirement, but example of U.S. avoided emissions calculation and deduction approach to RECs. ^d	Any type of energy or energy attribute purchase via a contractual instrument shall be treated in scope 2 like all other product information— an emission rate in tons GHG/unit of output (here, kWh) rather than an avoided emissions estimation and deduction. Companies then apply the emission factor derived from the contractual instrument to a quantity of energy consumption (activity data), consistent with the usage boundaries of that instrument.

Reporting requirements	Report one scope 2 result in CO ₂ e, as well as by GHG.	<p>If companies have any operations in markets providing product or supplier-specific data in the form of contractual instruments, then companies shall account and report scope 2 emissions in two ways and label each result according to the method: one based on the location-based method, and one based on the market-based method meeting Scope 2 Quality Criteria are met. If companies only have operations in markets without product or supplier-specific data, then only one scope 2 result shall be reported, based on the location-based method.</p> <p>Companies shall specify which method is used for goal-setting, tracking, and goal-achievement claims, and for scope 3 or product-level communication.</p> <p>Companies should disclose key features of contractual instruments, including any certification labels, characteristics of the energy generation facilities themselves, and policy context.</p>
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Proposed revised questions (new proposed columns highlighted in grey)

CC8.3: Does your company have any operations in markets providing product or supplier specific data in the form of contractual instruments? (New question)

- Yes
- No
- Don't know

CC8.3a: Please provide your gross global Scope 2 emissions figures in metric tonnes CO₂e

Scope 2, location-based	Scope 2, market-based (if applicable)	Comment
Numerical Field	Numerical Field	Text field

CC10.1a: Please break down your total gross global Scope 2 emissions and energy consumption by country/region

Country/Region	Scope 2, location-based (metric tonnes CO ₂ e)	Scope 2, market-based (metric tonnes CO ₂ e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Select from a drop down list of countries and regions.	Numerical Field	Numerical Field	Numerical Field	Numerical Field

Please note that all the breakdowns in CC10.2 will be similarly adapted to include both market-based and location-based figures.

Section CC12 asks companies about how their emissions performance compares to the previous reporting year. To do so it asks companies to combine their Scope 1 and 2 emissions and examine it against various metrics including absolute emissions, per unit of revenue, per full time employee, and any other metric of their choice. Due to changes in Scope 2 accounting, companies will have a choice whether to compare their emissions using either the location-based figure or the market-based figure. To increase transparency on which figure companies are using, CDP added a question on this (CC12.1b).

Secondly, CDP has never previously asked companies about the figure they use as a denominator in in the intensity questions CC12.2, CC12.3, and CC12.4. To increase transparency on how these numbers are calculated, CDP is proposing that companies now report the denominator figure for Unit total revenue and Full time equivalent employee in CC12.2 and CC12.3. For example, in CC12.2 a company will now be required to produce their revenue figure.

New and revised questions (new proposed columns highlighted in grey)

12.1b: Is your emissions performance calculations in CC12.1 and CC12.1a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure? **(New question)**

Select from:

- Location-based
- Market-based
- Don't know

CC12.2: Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue.

Intensity figure	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: Unit total revenue	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
Numerical Field	Metric tonnes CO2e	Numerical Field	Select from: Location-based Market-based	Numerical Field	Select from: • Increase • Decrease • No change • N/A	Text Field [maximum 2400 characters]

CC12.3: Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

Intensity figure	Metric numerator (Gross global combined Scope 1 and 2 emissions)	Metric denominator: FTE employee	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
Numerical Field	Metric tonnes CO2e	Numerical Field	Select from: Location-based Market-based	Numerical Field	Select from: • Increase • Decrease • No change • N/A	Text Field [maximum 2400 characters]

CC12.4: Please provide any additional intensity (normalized) metrics that are appropriate to your business operations

Intensity figure	Metric numerator	Metric denominator	Scope 2 figure used	% change from previous year	Direction of change from previous year	Reason for change
Numerical Field	Metric tonnes CO2e	Select from: • unit hour worked • metric tonne of product • liter of product • unit of production • unit of service provided • square foot • square meter • kilometer • passenger kilometer • megawatt hour (MWh) • barrel of oil equivalent (BOE) • vehicle produced • tonne of aluminum • tonne of ore processed • ounce of gold • ounce of platinum • tonne of aggregate • tonne of steel • billion (currency) funds under management • Room Night • Other, please specify	Select from: Location-based Market-based	Numerical Field	Select from: • Increase • Decrease • No change • N/A	Text Field [maximum 2400 characters]

Consultation questions

10. Do you have any comments on the proposed changes?

4. Low Carbon Products

As the pressing need for reducing greenhouse gas emissions continues, investors are looking at different mechanisms to reduce the carbon intensity of their investments. In response to this, investors are signing up to the “Global Investor Statement on Climate Change” which sets out the contribution that investors can make to increasing low carbon and climate resilient investments. One way in which investors can take action is through the Low Carbon Investment (LCI) Registry, which is a publicly accessed online database of low carbon and clean energy investments globally. In addition, legislation developments in certain jurisdictions are also accelerating the need for investors to show evidence that they are driving a transition towards a low carbon economy. For example, Article 48 of the Energy Transition Law in France states that institutional investors shall include in their annual report, and make available to their beneficiaries, how their investment decision-making process considers a low carbon transition. However one of the challenges facing investors calculating their investments in companies which have low carbon products, is that there is no singular database in which companies can register their low carbon products, as well as the percentage of their revenue generated through low carbon products.

CDP is consulting on whether to amend question CC3.2 on avoided emissions so that it expands beyond just avoided emissions to include low carbon products. For this purpose CDP would like to gather feedback from responding companies on their ability to report this information to investors through CDP, and understand how best the data can be gathered so that it is most useful to the decision-making processes of investors.

Currently CDP asks companies whether the use of any goods and/or services directly enable GHG emissions to be avoided by a third party (CC3.2). This does not inherently mean that a good and/or service is low carbon, but measures that good/service against a hypothetical baseline of what those emissions would have been if certain measures had not taken place during the product lifecycle. The hypothetical nature of this question makes standardization particularly challenging, which has led to the GHG Protocol to scope out whether standards and methodologies can be developed as companies from certain sectors, particularly chemicals and ICT, continue to remain keen to report avoided emissions. Indeed both of these sectors developed guidance to assist companies in calculating their avoided emissions. Therefore one area in which CDP is consulting on is whether companies that are currently reporting avoided emissions, using a specific avoided emissions methodology, feel comfortable reporting this information in a new proposed format.

In the proposed revised question, companies would initially be allowed to choose which methodology they used to classify a product as low carbon or to calculate avoided emissions. CDP would provide existing methodologies and taxonomies for defining low carbon products to choose from, as well as for avoided emissions. The question would also ask the percentage of revenue from the product(s) in the reporting year as well as in R&D. Companies would also be able to aggregate their data to a corporate level, or provide product specific data if they chose to do so.

Due to the new nature of this question, CDP would like to provide further guidance for this question, as well as a list of resources to help companies better understand where this request from investors originated. This list includes the following resources:

- [Low Carbon Investment Registry](#): This is a database of low carbon and emissions reducing investments made by institutional investors.
- [Low Carbon Registry Climate Bonds Initiative \(CBI\)](#): This is a taxonomy of eligible goods and services have been defined as meeting the requirements of low carbon.
- [Investor Statement on Climate Change](#): Initiative by institutional investors to accelerate action on climate change.
- [Article 48 of the Energy Transition Law in France](#): An amendment to Article 48 which sets out different requirements for investors, banks, and companies for a transition to a low carbon economy.

Proposed revised questions

The proposal is to replace the existing CC3.2 with the following questions

CC3.2: Do you classify any of your goods and/or services as low carbon products or do they enable a third party to avoid GHG emissions?

- Yes
- No

If “Yes”:

CC3.2a: Please provide details of your products that you classify as low carbon products or that enable a third party to avoid GHG emissions

Level or aggregation	Description	Taxonomy or methodology used to classify product/s as low carbon or to calculate avoided emissions	% revenue from product/s in the reporting year	% R&D in product/s in the reporting year	Comment
Select from: <ul style="list-style-type: none"> • Product • Group of products • Company-wide 	Text field	Select from: <ul style="list-style-type: none"> • Low Carbon Registry Climate Bonds Initiative (CBI) • Addressing the Avoided Emissions Challenge-Chemicals sector • Evaluating the carbon reducing impacts of ICT • Other, please specify 	Numerical value 0-100	Numerical value 0-100	(if a company wishes to provide information on avoided emissions, it may do so here)

Consultation questions for responding companies

11. If you are a responding company, would you feel comfortable claiming avoided emissions as a low carbon product in response to CC3.2?
12. Please explain your rationale for claiming/not claiming avoided emissions as a low carbon product.
13. Would you prefer to provide data at an aggregated corporate level, or at a product level?
14. Are there any methodologies missing from the current selection in CC3.2a?
15. Do you have any additional comments on the proposed changes to this question?

Consultation questions for data users

16. Are the proposed data points in questions CC3.2 and CC3.2a useful for your decision-making?
17. Would you prefer companies provide data at a corporate level or product level?
18. How would you use the data provided in questions CC3.2 and CC3.2a?
19. Do you have any additional comments on the proposed changes to these questions?

Minor amendments to existing questions

CC1. Governance

Rationale for change

In order to reflect the many different incentives that may be relevant to companies, CDP proposes to add a number of values to the drop down list in CC1.2a. Specifically, CDP's proposed values would reflect the increasing focus on supply chain engagement in climate change strategies. Please note that all existing drop down options will remain.

Revised questions

CC1.2a: Please provide further details on the incentives provided for the management of climate change issues *(No change to question text)*

Who is entitled to benefit from these incentives?	The type of incentives	Incentivized performance indicator	Comment <i>New column</i>
<p><i>Proposed additional drop-down values:</i></p> <ul style="list-style-type: none"> • Chief purchasing officer (CPO) Chief Financial Officer • Purchasers/buyers 	<p><i>No change</i></p>	<p><i>Proposed new drop-down values:</i></p> <ul style="list-style-type: none"> • Supply chain engagement on Climate Change • Environmental criteria included in purchases 	<p>Text field [2400 characters max]</p>

Consultation questions

20. Do you have any comments on the proposed changes to this question?

CC2. Strategy

Rationale for change

CDP currently asks whether you engage in activities that could either directly or indirectly influence climate change policy. This could include direct engagement, trade associations, funding research organizations or an ‘Other’ option. To help improve the data quality from this question, CDP proposes amending question CC2.3a.

The first change is to question CC2.3a column 1 where CDP proposes to change the column from “Focus of legislation” to “Policy area”. Along with this change, the values in column 1 of this question will change to the following:

- Emissions trading scheme (cap and trade)
- Carbon pricing, including carbon tax
- Energy taxation or incentives
- Corporate emissions reporting
- Energy efficiency
- Renewable/clean energy generation
- Carbon sinks and/or storage
- Regulation of methane emissions
- Offsetting schemes and market mechanisms
- Low carbon innovation
- Alternative fuels and fuel switching
- Climate Finance
- Other

In addition, the new options would be presented in static table, rather than a drop down menu.

Revised questions

CC2.3a: On what issues have you been engaging directly with policy makers?

Policy area	Corporate position	Details of engagement
Emissions trading scheme (cap and trade)	Select from: <ul style="list-style-type: none"> • Support • Support with exceptions • Neutral • Oppose • Undecided • Not applicable 	Text Field [2400 characters max]
Carbon pricing, including carbon tax	[drop down: same as above]	[Text field: same as above]
Energy taxation or incentives	[drop down: same as above]	[Text field: same as above]

Corporate emissions reporting	[drop down: same as above]	[Text field: same as above]
Energy efficiency	[drop down: same as above]	[Text field: same as above]
Renewable/clean energy generation	[drop down: same as above]	[Text field: same as above]
Carbon sinks and/or storage	[drop down: same as above]	[Text field: same as above]
Regulation of methane emissions	[drop down: same as above]	[Text field: same as above]
Offsetting schemes and market mechanisms	[drop down: same as above]	[Text field: same as above]
Low carbon innovation	[drop down: same as above]	[Text field: same as above]
Alternative fuels and fuel switching	[drop down: same as above]	[Text field: same as above]
Climate Finance	[drop down: same as above]	[Text field: same as above]
Other	[drop down: same as above]	[Text field: same as above]

Consultation questions

21. Do you have any further comments on the proposed changes to this question?

CC4. Communications

Rationale for change

Integrated Reporting <IR> is an emerging form of corporate reporting which has a focus on connectivity, conciseness, strategic relevance and future orientation. <IR> has been developed by the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. As well as improving the quality of information contained in a traditional corporate report, <IR> makes the reporting process itself more productive, resulting in tangible benefits as it focuses on value creation and a corporation’s impact on the wider economy, society and the environment. Ideally, it can lead to behavioral changes and improvement in financial and environmental performance throughout an organization. For more information on <IR> please visit [here](#).

CDP is deciding on how best to incorporate <IR> within the core climate change questionnaire. Currently, in question CC4.1 CDP asks companies whether a company has published information about its response to climate change and GHG emissions for the reporting year in any place other than their CDP response. CDP is exploring the option of whether <IR> should be included in the list of drop downs in this question.

CDP proposes that the term ‘integrated report’ be added to the ‘mainstream financial reports’ options.

Due to the various frameworks that exist, CDP also proposes adding a ‘Comment’ column where companies can state which framework they use or any relevant additional information can be reported.

CC4.1: Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

Publication	Status	Page/Section reference	Attach the document	Comment
Select from: <ul style="list-style-type: none"> • No • In mainstream financial reports (including an integrated report) in accordance with the CDSB Framework • In mainstream financial reports (including an integrated report) but have not used the CDSB Framework • In other regulatory filings • In voluntary communications 	Select from: <ul style="list-style-type: none"> • Complete • Underway – previous year attached • Underway – this is our first year 	Text Field	See ORS	(if a framework other than the CDSB Framework is used to report this information in a mainstream financial report (including an integrated report), other regulatory filing, or in voluntary communication they may specify these frameworks here)

Consultation questions

22. Do you have any comments or concerns regarding CDP including an option for integrated reporting in CC4.1?
23. Does your company currently produce an integrated report? Which framework does your company use?

Proposed changes for 2017 and beyond: climate change

CDP is increasing its focus on sectors

CDP works to prevent dangerous climate change and protect the world's natural resources by putting corporate environmental information in the hands of investors and policy makers, as well as the responding companies themselves.

In order to drive targeted and effective action on environmental issues, CDP is increasing its focus on key industry sectors, prioritized for their dependence and impact on the environmental areas that CDP gathers corporate information on. This approach - CDP's sector approach- is being introduced following consultation with investors, companies and other key stakeholders.

CDP will gradually introduce a sector approach, initially through the focus of the investor request for information on climate change, and then expanding this approach to cover additional environmental areas. The aim of the sector approach is to produce data that is more meaningful to investors, address concerns on reporting burden by amending reporting requirements for key sectors, and build a scoring methodology that incentivizes transparency and relevant sector-specific action.

What does this entail?

- ▶ A gradual approach to be introduced, focusing on a limited number of key sectors. Companies that are not included in the priority sectors will continue responding to CDP as usual using the core CDP questionnaires;
- ▶ Addressing concerns of increased reporting burden by amending existing reporting requirements for targeted sectors;
- ▶ Tailoring and creating sector-specific guidance;
- ▶ Employing a scoring methodology that reflects what is most relevant in the context of the environmental impacts and dependencies of a given sector
- ▶ Designing data output and analysis with a greater focus on sectors; and
- ▶ In the longer term, introducing changes to CDP's Online Response System (ORS) that would enable the collection of sector specific data in a way that is easier for companies and more intuitive than what is possible in the current system.

Priority sectors

The priority sectors identified are the following:

1. Oil, gas and consumable fuels;
2. Sectors heavily dependent on agriculture commodities;
3. Electric utilities;
4. Metals and mining;
5. Financial services;
6. Transportation;
7. Materials.

CDP has already started working with the first two sectors. The work with the remaining sectors is planned for the longer term.

In 2015

- ▼ **Oil & gas (not including coal):** CDP is working with this sector to assess the relevance of existing reporting requirements on climate change, develop sector-specific guidance and use these findings to inform a sector-specific scoring methodology for the sector. CDP will consult on changes to the questions pertaining to oil & gas companies in October 2015.
- ▼ **Sectors heavily dependent on agricultural commodities:** CDP has been working with the food, beverage and tobacco sector to encourage sector-specific disclosure. In addition, CDP is consulting on a blueprint for an integrated questionnaire for the food, beverage and agriculture sector. Please refer to the concurrent consultation document on “A blueprint for an integrated questionnaire for the food, beverage and agriculture (FBA) sector”.

In 2016

Starting in last quarter of 2015 and during 2016, CDP will conduct a sector scoring pilot project for electric utilities, auto-manufacturers and retail sectors for climate change only. We welcome expressions of interest from companies and investors interested in participating in working groups with CDP in this pilot project.

Consultation questions

24. Do you have any comments regarding CDP’s sector approach as outlined above?

CDP proposes to refine its focus on companies' external engagement

CDP introduced questions on companies' external engagement on climate change in 2013, which can be found in the CC2.3 question group. CDP has sought to stabilize these questions as much as possible to ensure consistent data collection. In 2016 as part of the evolution of the climate change questionnaire, CDP will begin to review their effectiveness.

Corporate disclosures in this area have proved of great interest to investors and to other external stakeholders including UN bodies and NGOs, although some parts of the question set yield more useful data than others. Over the time that CDP has asked these questions the definition and uptake of best practice in this area has evolved, in part due to the corporate commitments to follow the [UN Global Compact guidelines](#). CDP has worked with We Mean Business coalition to collect evidence of corporate commitments in advance of COP21. Going forward there will be a need to ensure that CDP is able to track progress against these commitments for the companies who adopt them.

Finally, CDP needs to take into account the difficulties involved in scoring these questions for performance particularly given our general principle of working towards automated scoring. We have proposed making minor changes to this question group in 2016. We also plan a more systematic review as part of preparation for the 2017 climate questionnaire, including consultation with some key stakeholders.

Consultation questions

25. Do you have any comments or concerns regarding CDP's approach as outlined above?