

Changes & Rationale Document

For companies reporting on climate change
on behalf of investors &
supply chain members 2017

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Introduction

This document aims to outline the main changes that have been implemented in the core modules of the 2017 climate change questionnaire and scoring methodology since 2016. For the full details of changes to the climate change scoring, please see the available [scoring methodology](#).

Climate change questionnaire: question specific changes

0. Introduction page

There are no question changes on this page.

1. Governance page

There are no question changes on this page.

The scoring of this page has been updated:

- CC1.1a (Leadership): previously two drop down options were worth 1 point each. Now only “Board or individual/sub-set of the Board or other committee appointed by the Board” is eligible for Leadership points for this question.
- CC1.2a (Leadership): previously, both criteria were worth 1 point each. Now, criteria i) and ii) are worth 0.5 points each.

2. Strategy page

- The advised response structure for question CC2.2a has been amended to be aligned with the scoring methodology. In addition, companies are asked how the ratcheting of the Paris Agreement has influenced their business strategy. This is currently a non-scored part of the question, but one which is of great interest to investors. With the ratification of the Paris Agreement occurring in 2016, governments around the world have signaled their intention to move towards a low carbon economy. As such, investors are requesting that companies disclose information on how their strategy is driving action towards this outcome.
- Furthermore, in alignment with the proposed requirements of the first draft of the TCFD requirements, companies are also asked whether they use forward-looking scenario analyses in CC2.2a.

3. Targets & Initiatives

- The dropdown selection for the column entitled “Is this a science-based target” in questions CC3.1a and CC3.1b have been amended to differentiate between companies that have a science-based target that has been approved by the Science Based Targets Initiative, and those that have not yet gone through that process. In addition, a further option has been introduced to allow a company to state that they have not set a science-based target as there is currently no methodology for their sector.

The scoring of this page has been updated:

- CC3.1a & CC3.1b (Awareness): scoring has been updated to reflect changes made to the column “Is this a science-based target?” with all options eligible for 1 point except “No, and we do not anticipate setting one in the next 2 years” for 0 points and “No, as there is currently no established science-based targets methodology in this sector” for 0.5 points.
- CC3.1d (Disclosure): scoring has been introduced for this question – if all columns except the ‘Comment’ column are completed, 3 points will be awarded.

- CC3.1d (Awareness): scoring has been introduced for this question – if target year is before 2040, then 1 point will be awarded.
- CC3.1d (route): the text outlining the route scored for companies only reporting a ‘Renewable Energy consumption or production target’ has been updated to state that the question will be scored as per the route specified in the scoring methodology and **not** as per the “Question not answered” route.
- CC3.1e (Management): the second criteria/ option for scoring 2 points has been removed (please see below):
*“ii) “% complete emissions” is equal or less than “% complete time” AND:
 - at least one emissions reduction initiative reported in CC3.3b has actions in the same scope of the target, and initiative has estimated annual CO2e savings column completed - 2 points”*
- CC3.3a (Disclosure): criteria i) has been updated with the text “for rows marked *” to align with language used in the questionnaire and guidance
- CC3.3a (Leadership): the following criteria has been introduced “ *If “Implementation commenced” or “Implemented” has a number greater than 1 in the column “Number of projects” and has a figure greater than 0 associated in “total estimated annual CO2e savings in metric tonnes CO2e”, AND 1 Leadership point has been awarded for criteria i) in CC12.1a”*

4. Communications

There are no question changes on this page.

5. Climate Change Risks

There are no question changes on this page.

The scoring of this page has been updated:

- CC5.1d, CC5.1e & CC5.1f (Management): for the route’s “ “No risks driven by changes in regulation / physical / other developments” selected in CC5.1 AND Full Disclosure points scored in CC2.1 & CC2.1a ” ‘company-specific’ has been added to the criteria required for criteria ii) to read: “ii) There is a clear rationale and well-articulated company-specific explanation of why your company is not exposed to substantive risk driven by changes ...risk management process has been applied”.

6. Climate Change Opportunities

There are no question changes on this page.

The scoring of this page has been updated:

- CC6.1d, CC5.1e & CC5.1f (Management): for the route’s “ “No opportunities driven by changes in regulation / physical / other developments” selected in CC6.1 AND Full Disclosure points scored in CC2.1 & CC2.1a ” ‘company-specific’ has been added to the criteria required for criteria ii) to read: “ii) There is a clear rationale and well-articulated company-specific explanation of why it does not pose opportunity to company with example of how the opportunity management process has been applied”.

7. Emissions Methodology

There are no question changes on this page.

8. Emissions Data

- CC8.3 (2016) has been deleted and replaced to ask about a company’s approach to reporting their Scope 2 emissions. The purpose of this question is for a company to disclose whether they are reporting a market-based figure, or if they are not reporting a market-based figure and why this is the case.

9. Scope 1 Emissions Breakdown

There are no question changes on this page.

10. Scope 2 Emissions Breakdown

There are no question changes on this page.

11. Energy

- An additional column has been added to CC11.4. This column asks companies to disclose the Emissions factor of the electricity calculated in a company's market-based Scope 2 figure.

The scoring of this page has been updated:

- CC11.4 (Disclosure): scoring criteria updated to include the additional column "Emission factor" as described above for the following "If any other selection from the column "Basis for applying a low carbon emission factor" is made, the column "MWh associated with low carbon electricity, heat, steam or cooling" and "Emission factor" must also be completed with a non-zero numerical figure", for 1 additional point making 3 available in total for this level.
- CC11.4 (Awareness): the note outlining the no-penalty route for only providing a location-based Scope 2 figure has been removed.
- CC11.4 (Leadership): the note outlining the no-penalty route for companies not meeting the threshold has been removed.

12. Emissions Performance

There are no question changes on this page.

The scoring of this page has been updated:

- CC12.1a (Management): all three criteria combined for 5 points in total with the removal of the criteria prerequisite note.
- CC12.1a (Leadership): additional criteria to award 0.5 points if the "Emissions value (percentage)" is equal to, or greater than 2.1% and 1 point if equal to or greater than 4%.

13. Emissions Trading

- Plan Vivo has been added to dropdown in CC13.2a.

14. Scope 3 Emissions

- Question CC14.4b has been revised to increase the clarity of the data provided by companies, while CC14.4c (2016) has been deleted. CC14.d (2016) is now CC14.4c (2017). CC14.4b, which previously asked about percentage of total spend has been broadened to include all types of engagement. The comment field in CC14.4b has now been replaced with a field requesting 'Impact engagement'. The new table logic allows a company to disclose what type of engagement they are using with their suppliers, the number of suppliers, the proportion of spend, and finally the impact of that engagement.

The scoring of this page has been updated:

- CC14.4b (Disclosure): scoring criteria have been revised according with change to question as described above with all 4 columns scoring 0.5 points each for completion.
- CC14.4b (Awareness): scoring criteria have been revised according with change to question as described above with 3 points available for completing all 4 columns in one full row.

- CC14.4b (Management): scoring criteria have been revised according with change to question as described above with 1 point available for providing a figure greater than 0 in the column "% of total spend (direct and indirect)" OR 2 points available for providing a figure greater than 40.

15. Sign off

There are no question changes on this page.

The scoring of this page has been updated:

- CC15.1 (Leadership): the note that "The drop down option selected in "Corresponding job category" must be consistent with the description in "Job title" to be eligible for Leadership points." has been added to the scoring criteria.