

Workshop 2: Deep Dive on CASG SME Questionnaire

Introduction to non-CDP questions

4 April 2023

Overview of non-CDP questions

[0.5] Select the industry that your organisation belongs to.

Rationale

This will help data users interpret your responses.

Reference

CDP's Activity Classification System (CDP-ACS)

Response

Industry Options:

- Apparel
- Biotech, health care & pharma
- Food, beverage & agriculture
- Fossil fuels
- Hospitality
- Infrastructure
- International bodies
- Manufacturing
- Materials
- Power generation
- Retail
- Services
- Transportation Services

Guidance

- CDP-ACS was developed to allocate sector-specific questions to companies. It categorises companies by focusing on the activities from which they drive revenue and associating these activities with the company's climate change impact.
- Companies should follow guidance from CDP in determining their industry sector by accounting for a company's business activities and revenues.

Overview of non-CDP questions

[1.3] Are you familiar with any local government or related incentives to manage your climate related issues, risks or disclosure?

[1.3a] Do you take advantage of such incentives? Please provide further details on the incentives used by your firm.

Rationale

- SME's awareness of external support or incentives available to their organisation
- Whether and how SMEs utilise external resources to help address climate-related issues

Response

This is an open text question

Guidance

- Companies should provide information as to whether they have attempted to search for, applied for or taken part in any local government or related incentives in the reporting year.
- Where appropriate, companies should make reference to any relevant incentive schemes or programs and provide supporting information about their participation in the scheme or program.
- For example, companies may consider incentives and schemes such as government grants, subsidies, capacity building schemes, continuing professional development (CPD) courses related to sustainability, etc.

Examples

- Green and Sustainable Finance Grant Scheme (HKMA)
- Green Tech Fund (Environment and Ecology Bureau)
- Cleaner Production Partnership Programme (HKPC)
- New Energy Transport Fund (EPD)
- Other government schemes

Overview of non-CDP questions

[2.2] Do you assess your climate risks?

Response

Please complete the following table:

Does your organization have a process for identifying, assessing and managing climate-related risks?	Describe your process(es) for identifying, assessing and managing climate-related risks.	When do you expect the risk impacts to materialise?	How often do you review your climate risk assessment?	When was the last time you assessed your climate risks?
- Yes - No	[If yes, this is an open text question] [If no, please put N/A in this field]	- <3years - 3-10 years - >10 years - N/A	[Open text question]	[Please provide the year of the last climate risk assessment undertaken by your organization. Please input N/A if your organization does not conduct climate risk assessments]

Guidance

- Companies should state if they identify, assess, and manage climate risks. For the description of process(es) for identifying, assessing and managing climate-related risks, companies can consider providing the following details of their risk management process: (i) how frequently they carry out climate risk assessments; (ii) value chain stages covered (e.g., direct operations, downstream, upstream; (iii) time horizon(s) covered; and (iv) risk types considered
- For climate risk types, companies should consider both physical and transition risks:
 - Physical risk can be acute or chronic. Acute physical risks arise from extreme events that occur at a point in time, such as wildfires, floods and storms. Chronic physical risks arise from progressive climate shifts, such as rising sea levels, water stress, biodiversity loss and resource scarcity.
 - Transition risks are risks associated with the process of adjustment towards a low-carbon economy. Financial impacts can arise directly or indirectly from the transition towards a more sustainable economy, e.g. triggered by disruptive policies, technological progress and market sentiment shifts. The types of transition risk include Policy and Regulation, Technology, Legal and Market risks.

Overview of non-CDP questions

[2.4] What is the proportion of revenue in your organization that is reliant upon high-carbon products (e.g., oil, gas, coal)?

Response

Please provide a percentage figure below:

___%.

Guidance

- This question provides insights into a company's current reliance on fossil fuels or high carbon products in respect of the company's current revenue mix.
- Data users assess the company's transition risk in revenue terms as the market transitions away from fossil fuel energy products or high carbon products

Examples

- (For energy & utilities) % revenue from extraction, production, refining, distribution, transmission, or sales of fossil fuels (e.g. oil & coal) vs. renewables or biofuels
- (For transport) % revenue from sale or use of vehicles running on oil products (e.g. gasoline & diesel) vs. electric, hybrid or new energy vehicles
- (For manufacturing) % revenue from using energy from fossil fuels within manufacturing plant(s) vs. renewables
- (For others) % revenue from using energy from fossil fuels or other carbon intensive methods (e.g. own-use energy sources on premises to produce products or services) vs. low carbon alternatives

Overview of non-CDP questions

[2.5] Please provide key asset locations of the organization, including both operating assets and collateral assets.

Rationale

This question provides geographical information of the respondent's key assets material to business operations for data users to conduct climate-related risk assessment, including understanding physical exposure to climate risks. .

Guidance:

- Companies should disclose locational information for as many material assets under their operation and/or ownership as possible.
- The longitude and latitude of key asset locations should also be provided as accurately as possible in the column "GPS Coordinates".
- This may include assets owned or collateral assets pledged to a lender, covering: (i) operating assets that account for majority (>50%) of a company's production capacity or revenue generated; or (ii) pledged assets that account for majority of collateral value.
- As a minimum, companies should include their top 5 assets in terms of (i) production capacity, (ii) generated revenue or (iii) collateral value if they have many asset holdings.

Response

Please complete the follow table:

S N	Asset Type	Classification	Site Name	Address						GPS GPS Coordina tes
				Street	District	City	Province/S tate	Country/ Region	Postal Code	
#		Operating Asset / Collateral Asset								

Examples

- Power plants, manufacturing plants, factories
- Data centres, properties, office buildings
- Water treatment plants, wind power farms, etc.

Overview of non-CDP questions

[2.7] Does your organization have sufficient insurance policy coverage to mitigate against financial losses due to physical risks.

Rationale

This question provides data users with an understanding of the extent to which businesses are taking action to address their climate-related risks by establishing effective internal policy, systems and mechanisms within the organization.

Response

Please select one of the following options:

- Yes
- No

Guidance

- This question asks whether companies have conducted qualitative or quantitative climate scenario analysis to understand their enterprise assets exposure to physical risks (e.g. any locations prone to flooding, power blackouts due to extreme heat, etc.)
- Data users want to know if there will be potential impact on a company's balance sheets, e.g. in the way of asset write-downs, write-offs or other liabilities; and whether a company utilises insurance coverage to safeguard losses against physical risk.

Overview of non-CDP questions

[3.8] Provide details of the organization's capital investment in low-carbon or other green technologies.

Rationale

This question provides data users with an indication of the extent to which companies are managing their business risks associated the low carbon transition and allocating funds and/or resources to climate mitigation and adaptation products or technologies.

Guidance

- Companies should disclose whether their business plans include investing in low-carbon technologies such as CCUS (carbon capture, utilisation and storage), energy transition technology or other technologies enabling the reduction of carbon emissions across their value chain.
- Companies should assess their capital expenditure (capex) towards a change to low carbon designs or product alternatives, low carbon production methods or low embodied carbon materials / recycled materials.

Response

Please complete the follow table:

Timeframe (counting from this reporting year, i.e., Year 1 refers to the next 12 months after the end of this reporting year) ▾	Planned Capital Investments (in USD) ▾	% of Total Planned Expenditure ▾
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		
[Add new field for additional years]		

Overview of non-CDP questions

[3.9] Please provide the R&D investments that have been made in low-carbon or other green technologies, now and in the future.

Response

Please complete the follow table:

Timeframe (counting from this reporting year, i.e., Year 1 refers to the next 12 months after the end of this reporting year) ▼	Planned R&D Investments for Low-Carbon or Other Green Technologies (in USD) ▼	Amount Invested as % of Annual Revenue ▼	Amount invested/planned as % of Total R&D Budget ▼	% of Total Planned Expenditure ▼
Year 0 (this reporting year)				
Year 1		N/a		
Year 2		N/a		
Year 3		N/a		
Year 4		N/a		
Year 5		N/a		
[Add new field for additional years]		N/a		

Overview of non-CDP questions

[3.10] Please provide details of your organization's plans to cater for any emerging demand of competitive energy efficient products

Rationale

This question provides data users with an indication of the extent to which businesses are approaching the low-carbon energy transition by adapting their business strategy.

Response

Please complete the follow table:

Description of Your Organization's Plan(s)	The Target of KPIs	Please Select the Initiatives that Your Organization is Planning to Take	Amount invested/planned as % of Total R&D Budget	% of Total Planned Expenditure
		<ul style="list-style-type: none"> • Renewable fuel production & consumption • Waste management • Resource consumption or efficiency • Low-carbon vehicles • Low-carbon buildings • Land use change • Methane reduction target • Fossil fuel reduction target • Engagement with suppliers • Engagement with customers • R&D investments • Green finance • Other, please specify 		

Overview of non-CDP questions

[5.3] Any captive power generation?

Response

This is an open text question.

Guidance

- Companies should describe any captive power generation activities within the organization, if applicable (such as, aluminium smelters, steel plants, chemical plants, solar panels on roof etc.)
- Companies may consider providing details on how they generate power for their business operations apart from sourcing energy from the grid
- The following items may be disclosed as relevant to the company's circumstances:
 - Whether they have any onsite installation to generate their power? If so, what fuel do they use?
 - How many sites have captive power generation? Across these sites, what proportion of their energy is supported by these activities vs. grid supply?
 - Do they have any on site installations for renewables such as solar roofs?
 - Do they participate in any feed-in tariff schemes if there is excess power generation? If so, provide details of the schemes participated in.

Overview of non-CDP questions

[6.3] Please provide details of your organization's carbon price pass-through targets and progress made against those target(s)

Response

This is open text question.

Guidance

- This question seeks to assess whether future carbon price risk can affect the business model and whether carbon pass through targets have been set as a response.
- Companies should disclose whether they consider carbon pricing as part of their company's climate strategy and whether an internal carbon price has been developed to influence strategy formulation and risk & opportunity assessment.
- If companies have considered carbon pricing in their strategy, they should provide details of how this has impacted strategic planning and has been provided for in the business model.
- Companies should provide details of how the targets set help them mitigate carbon risk.

Overview of non-CDP questions

[7.3] Please provide details of your organization's waste disposal goals, and the initiatives implemented to achieve the target(s)

Response

Please complete the following table (one row per target, add new row for additional targets):

Target(s) on waste disposal or management	Metric used for target set	Initiatives implemented to achieve the target	Description of initiatives implemented
<ul style="list-style-type: none"> - metric tons of waste diverted from landfill - metric tons of waste recycled - metric tons of waste reused - metric tons of waste generated - Percentage of total waste generated that is recycled - Percentage of sites operating at zero-waste to landfill - Other, please specify 	<ul style="list-style-type: none"> - KWh - MWh - GJ - Btu - Boe - Other, please specify 	<ul style="list-style-type: none"> - Energy efficiency in production processes - Waste heat recovery - Wastewater treatment - Waste reduction and material circularity - Waste reduction - Product or service design - Product/component/material reuse - Product/component/material recycling - Remanufacturing - Other, please specify . 	[Open text]

Guidance

- Companies should consider the following in responding to this question:
 - Does the company measure how much waste is generated from their business, and how the waste is handled?
 - What proportion of waste is sent to landfill, recycled or reused?
 - Does the company have any zero-waste policy and practice?
 - Does the company have any initiatives to reduce waste generation from the beginning to the end of their value chain, e.g. product design, choice of materials, product end of life, etc.

Overview of non-CDP questions

[SC2] Do your suppliers or vendors disclose their carbon emissions (including Scope 1, 2 & 3)? Do you have a plan to receive climate disclosure data from your suppliers, or do you support your suppliers in the collection of such climate disclosure data?

Response

This is open text question.

Guidance

- Companies should consider whether their suppliers have assessed their exposure to climate change and how they are impacted.
- Companies should disclose:
 - Whether the company's suppliers or vendors inventory their own GHG emissions and monitor their own carbon footprint
 - Whether the company engages the supply chain and influence their suppliers to disclose their climate related info
- The following factors may be considered in responding to this question:
 - Does the company monitor or assess suppliers' climate disclosure practice?
 - Are suppliers required to report climate data to the company as part of their vendor appraisal and selection process?
 - Does the company collect relevant climate change datapoints from their vendors?
 - Does the company have any internal mechanisms or procedures to collect data from their suppliers

Overview of non-CDP questions

[SC3] Do you engage with your suppliers or vendors on climate-related issues?

Response

Companies should select all that apply from the following value-chain options:

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

[SC3a] If yes, please explain and state how your organization take actions and engage with your suppliers or vendors to manage climate risk

Response

This is open text question.

Guidance

- Companies should consider disclosing the following in responding to this question:
 - How does the company manage their supply chain risk through supplier engagement, e.g. any established processes, annual appraisals on their climate performance, etc.?
 - How does the company engage with suppliers in case of poor performance?
 - How does the company integrate climate-related considerations into vendor selection and appraisal processes, e.g. what KPIs are used to assess them?
 - How does the company influence their suppliers' transition to low carbon economy, e.g. sustainable sourcing and production, use of recycled materials, etc.?

Overview of non-CDP questions

[SC8] Please give an assessment of the physical impacts on your supply chain.

Response

Please select one of the following levels of impact that apply to your business:

- Very high
- High
- Medium
- Low
- Very low

[SC9] Please briefly explain the strategy that your organization uses to mitigate or adapt to current and future physical risks to your supply chain

Response

This is open text question.

Guidance

- Companies should consider disclosing the following in responding to this question:
 - Has the company conducted climate risk assessment on its supply chain?
 - Does the company understand their risk exposure from the supply chain, e.g. how that can impact their business if their suppliers have an operational base in coastal areas?
 - Does the company have a risk mitigation plan, e.g. through vendor due diligence?
 - Does the company have a long-term strategy to decarbonize their supply chain, e.g. adoption of lower carbon methods or sourcing of more sustainable raw materials?