

Climate and Environmental Risk SME Questionnaire
Workshop 1: Basic Teach-in on Climate Risks

Questionnaire Module Overview and Examples

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New CASG SME Questionnaire

The SME Questionnaire was developed by the GSF CASG in collaboration with CDP

First cross-sector reporting template

- Reporting template on climate and environmental risks to improve data availability and facilitate data flow in Hong Kong
- Design informed by inputs from cross-industry working groups including corporates and financial institutions to ensure suitability of questions
- Capacity building through development of guidance and learning materials as well as sessions for targeted respondent groups

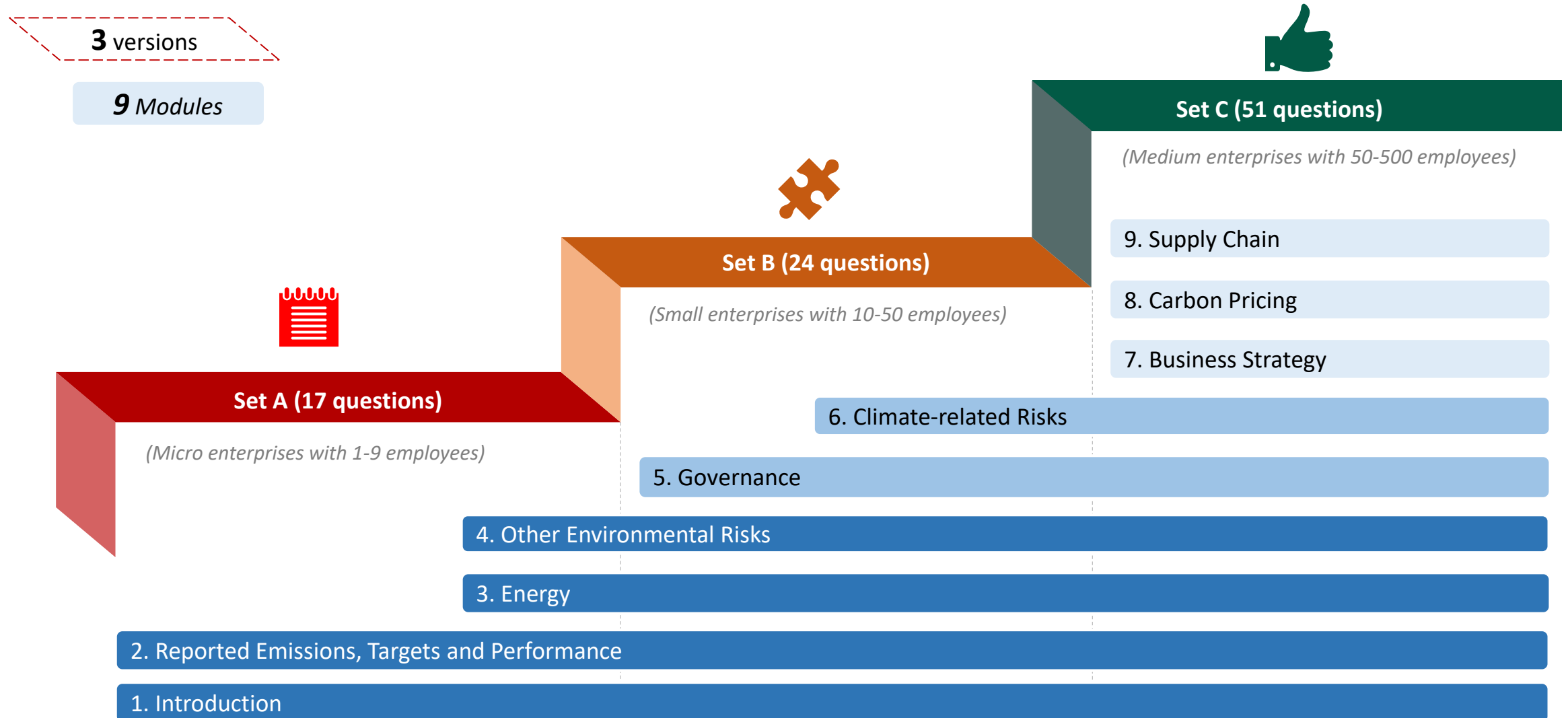
Tailored for SME sizes

- Questionnaire available in 3 versions with varying levels of scope and granularity
- Catering for variation in SME's size and sophistication
- Versions recommended for micro, small and medium enterprises but flexibility in adoption at the initial stage

Evolvability of questionnaire

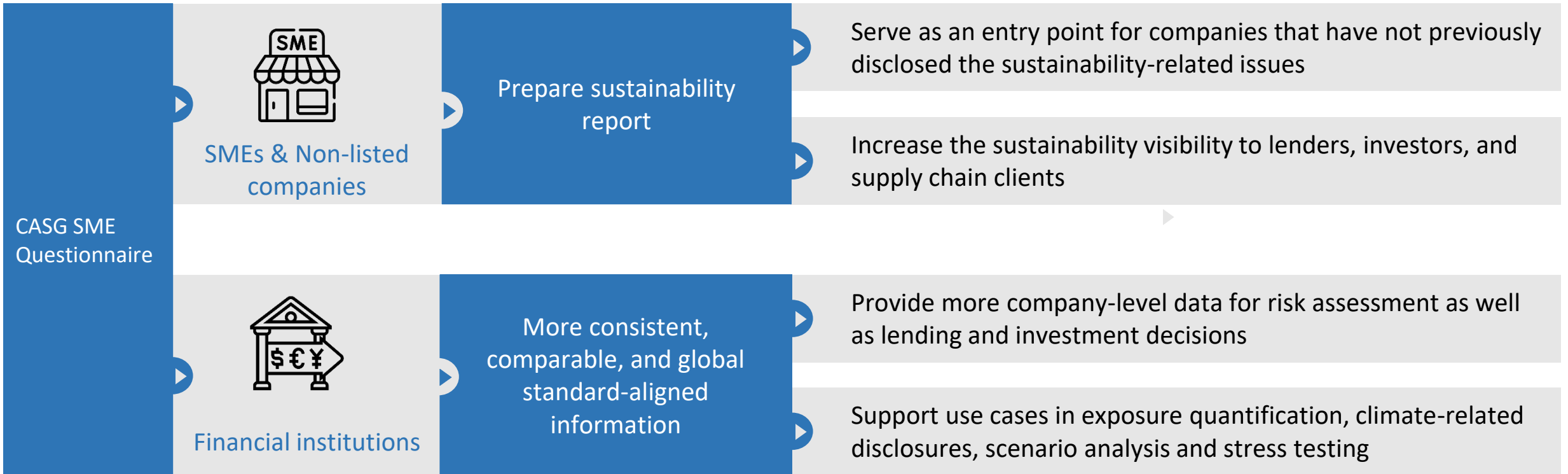
- Recognition of the reality that most SMEs are only starting on the sustainability reporting journey
- First iteration of questionnaire with potential for future improvements to ensure that it is fit for purpose

Structure of the SME Questionnaire



How the SME Questionnaire can help

The SME Questionnaire is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

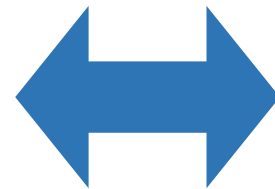


Structure of the SME Questionnaire

Questionnaire consists of 9 modules, covering the key disclosure pillars of the TCFD framework

SME Questionnaire Modules

- Introduction
- Governance
- Climate-related Risks
- Business Strategy
- Reported Emissions, Targets & Performance
- Energy
- Carbon Pricing
- Other Environmental Risks
- Supply Chain



TCFD Recommendations



Overview of example module questions

Overview of module questions

1. Governance

- 1.1 Is there any member(s) of your organization responsible for overseeing climate change matters?
- 1.2 Do you provide incentives for the management of climate-related issues, including the attainment of targets?
 - 1.2a Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).
- 1.3 Are you familiar with any local government or related incentives to manage your climate related issues, risks or disclosure? Do you take advantage of such incentives?

Examples and approaches in answering the questions

1. Governance

Guide for A1.3

- *Local Government incentives are usually considered as “Government funding”*
- *Corporates can keep eyes on several departments like TID (Trade and Industry Department), EPD (Environmental Protection Department), ITC (Innovation and Technology Commission), etc. There are regularly funding for various funding to provide financial support for projects in different aspects*
- *E.g.*
 - *Trade and Industrial Organisation Support Fund*
 - *Environment and Conservation Fund*
 - *Innovation and Technology Fund*

Overview of module questions

2. Climate-related Risks

- 2.1 How does your organization define short-, medium- and long-term time horizons?
- 2.2 Do you assess your climate risks?
 - 2.2a Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.
- 2.3 Can you provide a financial impact figure for any of the risks listed in the previous question?
- 2.4 What is the proportion of revenue in your organization that is reliant upon high-carbon products (e.g., oil, gas, coal)?
- 2.5 Please provide key asset locations of the organization, including both operating assets and collateral assets
- 2.6 Has the organization developed adequate policy and/or strategy to address climate transition risks and physical risks in all material aspects, including the reduction of its GHG emissions? If yes, please provide some details of the policy and strategies in your organization.
 - 2.6a Please provide some details of the policy and strategies in your organization.
- 2.7 Does your organization have sufficient insurance policy coverage to mitigate against financial losses due to physical risks.

Examples and approaches in answering the questions

2. Climate-related Risks

Guide for A2.4

- *Your electric and related energy billing records will help!*
- *Your fuels (for vehicles and power generators) records will help!*

Guide for A2.5

- *Key assets and their locations, strongly related to the boundary defined*

Guide for A2.6

- *Policy related to energy reduction, waste handling, carbon emission management*

Guide for A2.7

- *As climate changes might cause physical risks, corresponding insurance coverage is a plus factor*

Overview of module questions

3. Business Strategy

- 3.1 Does your organization use climate-related scenario analysis to inform its strategy?
- 3.2 Provide details of your organization's use of climate-related scenario analysis.
- 3.3 Describe where and how climate-related risks and opportunities have influenced your strategy.
- 3.4 Describe where and how climate-related risks and opportunities have influenced your financial planning.
- 3.5 Does your organization's strategy include a transition plan that aligns with a 1.5 °C world?
- 3.6 Quantify the percentage share of your spending/revenue that is aligned with your organization's transition to a 1.5 °C world.
- 3.7 Do you classify any of your existing goods and/or services as low-carbon products?
- 3.7a Provide details of your products and/or services that you classify as low-carbon products.
- 3.8 Provide details of the organization's capital investment in low-carbon or other green technologies.
- 3.9 Provide the R&D investments that have been made in low-carbon or other green technologies, now and in the future
- 3.10 Provide details of your organization's plans to cater for any emerging demand of competitive energy efficient products.

Examples and approaches in answering the questions

3. Business Strategy

Guide for A3.8

- *In case corporates purchased energy saving or waste reducing equipment, energy monitoring system, process optimization for green performance, etc., can be listed here*

Guide for A3.9

- *In case corporates are developing technologies or improvements similar to 3.8, can be listed here*

Guide for A3.9

- *If there is any specific product/series of product going to be highlight as “low-carbon” for promotion, can be listed here*

Overview of module questions

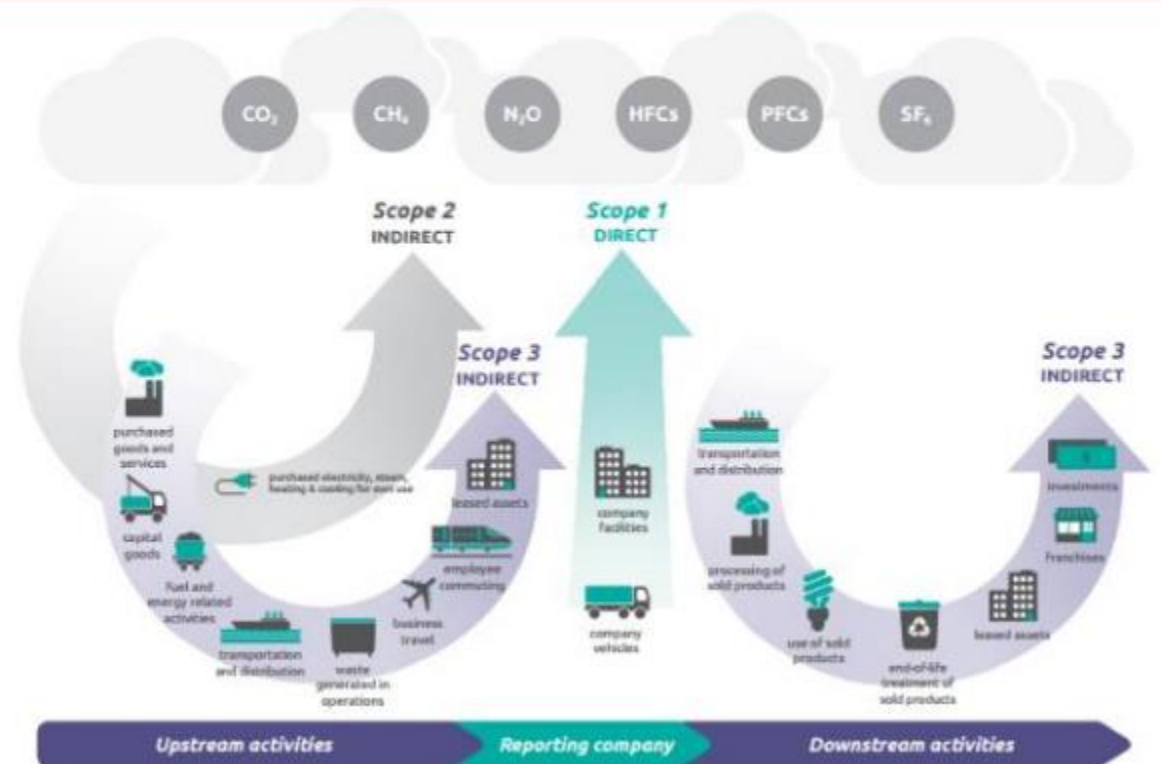
4. Reported Emissions, Targets & Performance

Rationale:

What is measured can be managed. Reporting emissions is a pre-requisite to understanding and reducing negative environmental impacts. It can highlight areas of improvement.

Sources of GHG emissions:

- **Scope 1** - Greenhouse gases that your company emits
- **Scope 2** - Greenhouse gases that others emit due to your energy use
- **Scope 3** – indirect emissions from upstream and downstream activities



Examples and approaches in answering the questions

4. Reported Emissions, Targets & Performance

Scope-1 Direct greenhouse (GHG) emissions from an organization's owned operations, including company-owned vehicles and buildings. (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Direct emissions include process emissions, company vehicles, company facilities and fugitive emissions

Scope-2 Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.

Scope-3 is more complex including product supply chain, LCA, usage and disposal that very few SMEs have been able to invest to explore but accounts for up to 70% total carbon emissions.

Measurement and capturing of carbon emissions would not be meaningful for SMEs with higher management and investment burden unless there is an incentive to support e.g. carbon tax reduction, carbon trading and financing.

Overview of module questions

7. Other Environmental Risks

- 7.1 What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?
- 7.2 Provide details of your water goal(s) that are monitored at the corporate level, and the progress made.
- 7.3 Provide details of the organization's waste disposal goals, and the initiatives implemented to achieve the target.

Examples and approaches in answering the questions

7. Other Environmental Risks

Guide for A7.3

- *After the water withdrawal, discharge and consumption were well quantified and recorded, corresponding goals could be set, based on*
 - *New investment in waste reduction*
 - *Optimized operation process*
 - *“Green campaign” to have practice changes of staff*
 - *Etc.*