

Linking CDP climate change questions with CDSB's Reporting Framework

CDSB
integrating climate change-related information
into mainstream corporate reports




CDSB guidance on climate change reporting – links to CDP questions





CDSB's Reporting Framework is based on existing financial standards in order to connect climate change-related information with a company's financial performance. The Framework is designed to work with national regulations where applicable.

CDSB's Reporting Framework helps a company explain how non-financial issues impact a company's financial performance and how the company is managing associated risks and opportunities. This information provides insight into a company's management of non-financial matters and when connected with financial metrics aids decision making by investors, the company and other stakeholders.



This guidance links CDSB's Reporting Framework with the established data disclosed through the CDP climate change questionnaire. The detailed CDP information provides the basis for management actions and for establishing the material information that affects a company's financial performance.

DISCLOSURE REQUIREMENT		CDSB Framework (Edition 1.1) Title of section & paragraph number	CDP Climate Change Information Request (2014) Title of question & question number
1. Strategy, review of business & governance 	A description of the company's strategy	Management perspective 2.8 - 2.10	Risk management approach and business strategy CC2.1 & CC2.2
	A fair review of the company's business including a balanced and comprehensive analysis of the company's business during the year and the position at the end of the year	Strategic analysis 4.6 – 4.8 Management actions 4.12 – 4.13	Targets and initiatives CC3.1 – CC3.3
	Governance	Governance 4.16 - 4.17	Governance CC1.1 & CC1.2
	Future prospects as well as past performance	Future prospects & past performance 2.16 – 2.17	
		Future outlook 4.14 – 4.15	




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DISCLOSURE REQUIREMENT		CDSB Framework (Edition 1.1) Title of section & paragraph number	CDP Climate Change Information Request (2014) Title of question & question number
2. Trends, risks & opportunities affecting the business 	A description of the principal risks and uncertainties facing the company	Risks 4.9 & 4.11	Risks CC5.1
	Main trends and factors likely to affect the future development, performance and position of the company's business	Opportunities 4.10 – 4.11	Opportunities CC6.1
3. Impacts 	Information about environmental matters including the impact of the company's business on the environment	Management perspective 2.10	
4. Key performance indicators 	Analysis of the development, performance or position of the company's business using financial and other key performance indicators relating to environmental matters	Performance measures and indicators 2.36 – 2.38	
5. Boundary 	For groups, the strategic report must be a consolidated reporting relating to the undertakings included in the consolidation	Organizational boundary 2.20 – 2.21 and 2.24 – 2.25	Boundary CC8.1
		Segmentation 2.41 – 2.42	
		Boundary setting for GHG emissions reporting 4.23 – 4.26	
	Greenhouse gas emissions from activities for which the company is responsible		

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DISCLOSURE REQUIREMENT		CDSB Framework (Edition 1.1) Title of section & paragraph number	CDP Climate Change Information Request (2014) Title of question & question number
6. GHG emissions results 	Annual quantity of GHG emissions in tonnes of carbon dioxide equivalent from the combustion of fuel and the operation of any facility	GHG emissions content requirements 4.29 Contextual disclosures 4.31 c - i Segmentation 4.32	Scope 1 GHG emissions data CC8.2 Scope 1 GHG emissions breakdown CC9.1 – CC9.2
	Annual quantity of GHG emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the company for its own use	GHG emissions content requirements 4.29 Contextual disclosures 4.31 c - i Segmentation 4.32	Scope 2 GHG emissions data CC8.3 Scope 2 GHG emissions breakdown CC10.1 – CC10.2
	7. Conformance 	Statement of conformance 2.22 – 2.23	Sources not included in disclosures CC8.4
		Incomplete & uncertain information 3.19	Data accuracy CC8.5
8. Methodologies used for reporting <div data-bbox="84 1076 263 1176" data-label="Equation-Block"> $\text{GHG (\%)} = \frac{X - Y}{Z} \times 100$ </div>	The methodologies used to calculate the GHG emissions information	Standards, policies and organizational boundary used for preparing information 2.24 – 2.25 Recognized GHG emissions reporting schemes 4.20 Contextual disclosures 4.31.a&b	Methodology CC7.2 – CC7.4

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DISCLOSURE REQUIREMENT		CDSB Framework (Edition 1.1) Title of section & paragraph number	CDP Climate Change Information Request (2014) Title of question & question number
9. Intensity metric 	At least one ratio which expresses the GHG emissions in relation to a quantifiable factor associated with the company's activities	Normalized GHG emissions 4.30	Emissions intensity CC12.2 – CC12.4
10. Reporting period 	Reporting period for GHG emissions and statement if the period for which GHG emissions information is reported is different from the period covered by the Directors' Report	Reporting period 2.18 – 2.19	Reporting year CC0.2
11. Year on year reporting 	Except in the first reporting year state information required for the reporting year and the preceding financial year	Consistent reporting over time 2.12 – 2.15 Comparative analysis 2.39 – 2.49 Movements in GHG emissions over time 4.19.2 and 4.33	Base year CC7.1 Emissions history CC12.1

1) Continuous improvement

CDSB's Framework is developed through a process of continuous improvement. This involves updating the Framework based on experience of working with it and in response to developments in corporate reporting practice.

2) CDP climate change information request

This guidance aligns with the CDP 2014 climate change information request, available on the CDP website⁽¹⁾ from December 2013. This guidance will be updated to reflect any future departure from the existing numbering.

3) Relationship between GHG emissions/climate change and other forms of corporate disclosure

Most of the disclosure requirements listed in points 1 – 11 above are shared by the CDSB Framework and the CDP questionnaire. In some cases, such as 'governance' and 'future prospects and past performance' requirements under '1. Strategy, review of business & governance', the disclosures may appear to be an additional request by the CDSB Framework. However, the CDSB Framework adopts relevant principles from other forms of corporate reporting where they help to make GHG emissions and climate change-related information more understandable. For example, the International Financial Reporting Standards' (IFRS) states that "management commentary should include forward-looking information when it is aware of trends, uncertainties or other factors that could affect the entity's liquidity, capital resources, revenues and the results of its operations..."⁽²⁾. As management commentary normally forms part of the package of information in which the directors' report and financial statements are presented, the CDSB Framework adapts the IFRS Practice Statement⁽³⁾ to encourage disclosures about trends and factors related to climate change, both short/long term that are likely to affect management's view of the organization's strategy. Similarly, the CDSB Framework adapts those requirements to encourage disclosures about the governance and oversight of climate change-related issues.

4) Principles that maximize the usefulness of disclosures

In addition to content requirements, the CDSB Framework sets out principles and characteristics that should be applied to disclosures so as to maximize their usefulness to investors. These are based on the Qualitative Characteristics of Useful Financial Information set out in the IASB's Conceptual Framework for Financial Reporting. The principles include:

- a) Make disclosures on a consistent basis so that they are comparable from period to period with an entity and between entities (paragraphs 2.12 – 2.15);
- b) Provide **relevant** information (paragraphs 3.7 – 3.12);
- c) That is **complete, neutral and free from material error** (paragraphs 3.13 – 3.19); and
- d) Understandable (paragraph 2.28);
- e) Verifiable (paragraph 2.29); and
- f) Clear and straightforward (paragraphs 2.30 – 2.31); and
- g) Explains links between climate change-related information and information in financial statements (paragraphs 2.32 – 2.33 and Regulations paragraph 414C(12)).

5) Other commonly reported information

In addition to the information listed in the 'disclosure requirements' column of the table above, companies often report on other matters such as mitigation activities or GHG emissions associated with their supply chains (Scope 3 GHG emissions) and the way in which stakeholder engagement informs the content of their disclosures. Although not required by law, companies should refer to the CDSB Framework and the CDP information request to consider these and other types of information that might be of strategic importance to the company and should therefore be disclosed in a strategic or directors' report.

⁽¹⁾ CDP climate change information request 2014, available at [<https://www.cdproject.net/en-US/Respond/Pages/carbon.aspx>]

⁽²⁾ IFRS Practice Statement on Management Commentary paragraph 18

⁽³⁾ IFRS (2010) Practice Statement, available at [<http://www.ifrs.org/Current-Projects/IASB-Projects/Management-Commentary/IFRS-Practice-Statement/Pages/IFRS-Practice-Statement.aspx>]

The Climate Disclosure Standards Board (CDSB) is an international non-governmental organization committed to the integration of environmental information into mainstream corporate reporting.

We advance our mission by acting as a forum for collaboration on how existing standards and practices can be supported and enhanced so as to link financial and environmental reporting, respond to regulatory developments and build trust in reporting. We have responded to the demand for a global reporting model that ensures fair and transparent markets and inspires confidence in reporting.

The outcome we seek is that, through adoption of our Framework, more reliable information will reach business, investors and regulators in support of the decisions they must make and the actions they must progress in response to environmental challenges.

CDSB is governed by a Board whose members are drawn from leading business, accounting and environmental organizations. Our work program is managed as a special project of CDP and is supported by an external Technical Working Group including representatives of business, NGOs, investor groups, academia, global accountancy firms and their membership bodies.

Please visit www.cdsb.net for further information.

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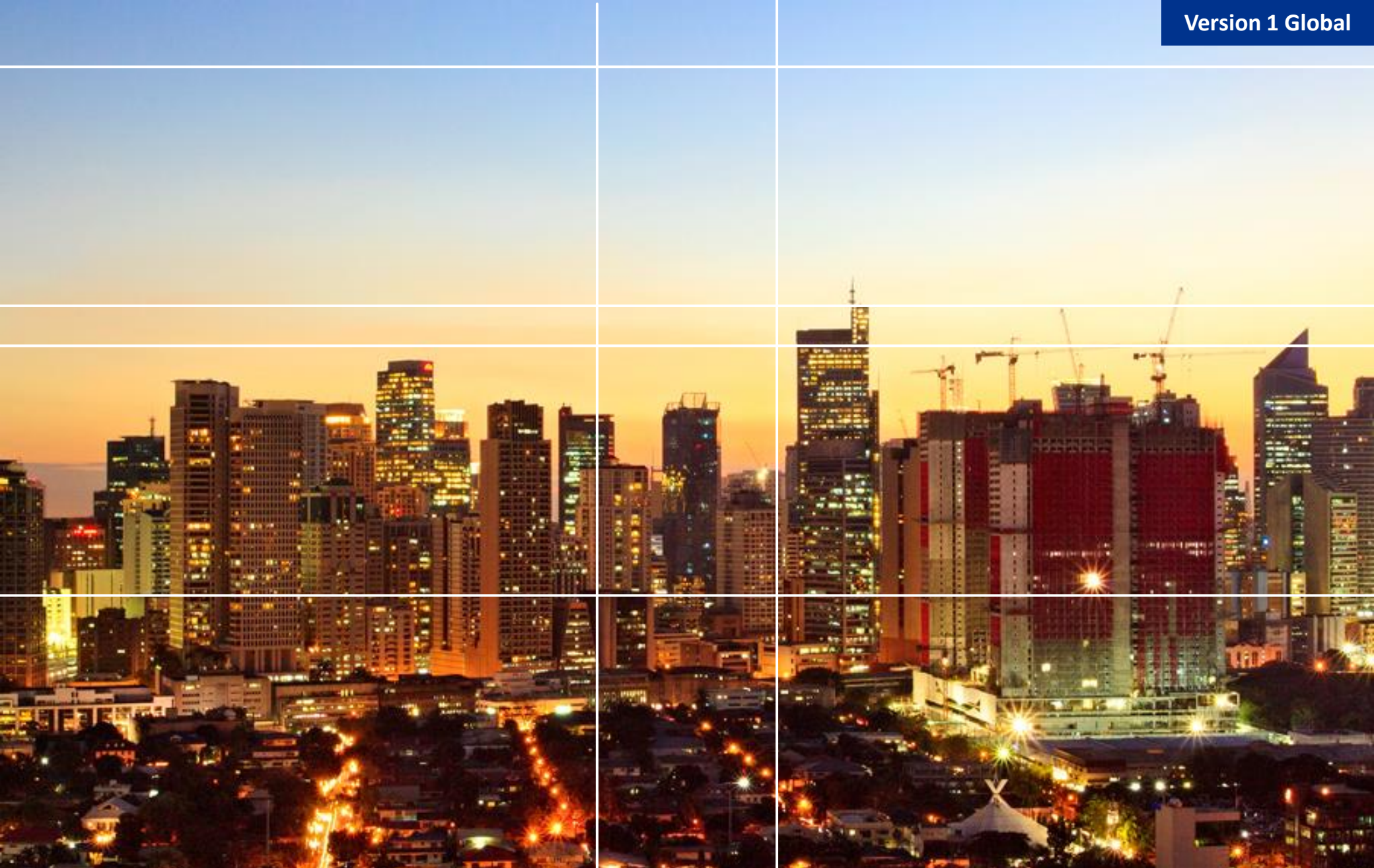
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