



# JointValues

Evaluating ESG. Rating Businesses. Empowering Investors.

*Whitepaper*

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**EVALUATING COMPANIES'  
PREPAREDNESS TOWARDS**

**CLIMATE  
CHANGE**

**AN OBJECTIVE QUESTIONNAIRE**

14 February 2021

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<https://jointvalues.com/climate-change-questionnaire/>

# INTRODUCTION:

Inclusion of global metrics on non-financial disclosures in the financial reports enables addressing stakeholders' concerns related to the materiality of business resilience. Many organizations have already initiated disclosing their non-financial information on Environment, Social and Governance (ESG). However, the existence of multiple ESG reporting frameworks challenges the companies' abilities to meaningfully demonstrate the value creation and progress on ESG aspects, including their contribution to the SDGs. To address this issue, recently, several efforts have been taken to build consensus on a common international framework for the reporting of material aspects of ESG, which also includes climate change mitigation, adaptation and carbon emission related disclosures. Interconnected standards are also evolving to integrate the non-financial qualitative disclosures within the mainstream financial reports. To achieve transparency and comparability, a core set of global metrics needs to be established.

Climate Change is expected to pose risk and opportunities to companies due to direct physical impacts as well as market transitions. Today, investors are expecting more comprehensive disclosures on 'climate change'. Investors prefer to invest in those companies which transparently reports that how the climate change aspects are influencing the market and business ecosystem including regulations that can impact its financials in short, medium and the long term.

In January 2020, the International Business Council (IBC) of the World Economic Forum (WEF), published a consultation draft "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation"[1].

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[1][http://www3.weforum.org/docs/WEF\\_IBC\\_ESG\\_Metrics\\_Discussion\\_Paper.pdf](http://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf) accessed on 7th February 2021.

**JointValues came in existence to evaluate the ESG disclosures and develop a rating system calibrated for business environment and applicable regulations in Asia-Pacific.**

Our vision is to catalyse sustainable growth and empower the businesses to develop into world-class organizations.

Our mission is to analyse impactful companies and industrial sectors in Asia-Pacific markets and bring out ratings and benchmarking to empower investors for informed decision-making and thereby catalysing the integration of ESG and Climate Change aspects into businesses processes and decision makings.



The consultation draft highlights 'Climate Change' as one of the themes of the common ESG metrics for the reporting. Earlier, the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations<sup>[2]</sup> released in June 2017, also highlighted the importance of using scenario analysis to assess climate change-related impacts within the financial sector.

Analysing the public disclosures by a company to evaluate its capability to mitigate the risks and utilize the opportunities arising out of climate change need expertise. JointValues has developed an objective questionnaire to drill-down climate-related public disclosures by the companies. The design of this questionnaire helps to drill-down and identify if a company has integrated the climate change aspect in its enterprise risk management and business excellence process to mitigate the risk and utilize the opportunities.

This paper is being released in the public domain to invite consultation on the objective questionnaire for the evaluation of companies based on their climate-related disclosures in the public domain.

After incorporation of comments received during the public consultation stage, this questionnaire is intended to be used by JointValues for evaluation and rating of a set of companies in Asia-Pacific. Different weights to individual questions and detailed methodology for scoring and rating companies based on this questionnaire is outside the scope of this paper and public consultation at this stage.

Comments and suggestions can be submitted by 10th March 2021. You can click here to reach the comments section for this paper at [www.jointvalues.com](http://www.jointvalues.com) or email your comments at [info@jointvalues.com](mailto:info@jointvalues.com). All comments received on this paper shall also be compiled and published along with the final paper.



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<sup>[2]</sup><https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf> accessed on 7th February 2021

# ABOUT THE AUTHORS

## PRAVEEN ANANT

**Pro bono Advisor**  
**JointValues - ESG and Business Excellence**



Praveen is an ESG and Business Excellence professional with over two decades of extensive experience of working with corporates. With master's degree in Environmental Science and Engineering and a bachelor's degree in Laws, he brings the experience of EHSQ management, ESG disclosures using GRI standards, SDGs, UN Global Compact, IFC E&S Standards, World Bank's Environment and Social Standard. He is advising the JointValues as pro bono.

## SARVASHISH ROY

**Pro-Bono Advisor**  
**JointValues - Corporate Social Responsibility**



Sarvashish holds a post-masters certificate in Natural Resource Management from Indian Institute of Forest Management, Bhopal and master's degree in Anthropology from the University of Calcutta. He has more than 17 years of experience in corporate social responsibility and non-financial disclosures with corporates, academic institutes and not for profit organisations. At JointValues he brings on board the expertise to evaluate the BRR, the International <IR> Framework and Sustainability Reporting based on the Global Reporting Initiative (GRI) Standards

## ANJAN DAS

**ESG Research and Analysis at JointValues**



Anjan is pursuing his MBA in Sustainable Management from the Indian Institute of Management Lucknow. He is an Electrical and Electronics Engineer and has worked on Systems design, Application development, and Client management for 4.4 years. He is part of the ESG Research and Analysis team at JointValues for ESG Analysis and Ratings.

## VEDANSHI SINGH

**ESG Research and Analysis at JointValues**



Vedanshi is a budding professional with a study in health effects of climate-change from Harvard University. An experienced hand in analysis and assessment of public disclosures by the companies on climate change-related financial impacts in line with TCFD recommendations. Obtained certifications on 'Understanding the Recommendations of TCFD', and 'Embedding Climate Change into Financial Management' from Climate Disclosure Standards Board (CDSB).

## ARPITA MISHRA

**ESG Research and Analysis at JointValues**



Arpita Mishra is pursuing her MBA in Infrastructure Management from the Symbiosis Centre For Management and Human Resource Development, Pune. She is a Mechanical Engineer and has worked on Project Management, Supply Chain Analytics, and Market Research for 3 years. She is part of the ESG Research and Analysis team at JointValues for ESG Analysis and Ratings.



# THEME CLIMATE CHANGE

This questionnaire furthers the work of the International Business Council (IBC) of the World Economic Forum (WEF) as it has released a draft paper "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation". Climate Change has been kept as a theme under the pillar of 'Planet' which is one of the four pillars identified to cover in mainstream reports by the companies. Within the theme of 'Climate Change', indicator and metrics have been identified that best combine universality across industries and firms with materiality to long-term value creation. There are 5 Indicators in Climate Change theme - two of them are 'core' and three are 'expanded'. The 'core' metrics focus primarily on activities within an organization's boundaries. The 'expanded' metrics represent a more advanced way of measuring and communicating sustainable value creation, and companies are encouraged to report against them.

One of the expertise of JointValues is to assess the physical and market transitional risk to the companies due to climate change and rate companies' disclosures in the public domain based on the TCFD Guidelines which is transparent, comparable and capable of empowering better investment decisions.

## Indicators and Metrics published by the World Economic Forum

INDICATOR	METRICS	RELATION WITH OTHER STANDARDS	
<b>1.Greenhouse gas (GHG) emissions</b>	Greenhouse gas (GHG) emissions Report GHG Protocol Scope 1 and 2 emissions in tonnes of carbon dioxide equivalent (tCO2e) and estimate and report upstream and downstream (GHG Protocol Scope 3) emissions where material	<b>CORE</b>	<b>GRI (305-1), CDP (C6, C7), CDSB (R03, R04), SASB (110a.1), GHG Protocol</b>
<b>2. TCFD-aligned reporting</b>	TCFD-aligned reporting on governance and risk management for all. If climate change in short, medium or long term, disclose strategy and metrics/targets as well, including whether the company has committed to set a science-based target in line with net-zero by 2050.	<b>CORE</b>	<b>TCFD CDSB R01, R02, R03, R05 and R06; SASB 110</b>
<b>3. Science-based target to reduce GHG emissions</b>	Define and report progress against a science-based target to reduce GHG emissions.	<b>EXTENDED</b>	<b>SBTi</b>
<b>4. TCFD-aligned reporting</b>	Enhance TCFD aligned reporting with financial metrics.	<b>EXTENDED</b>	<b>TCFD</b>
<b>5. Impact of greenhouse gases</b>	Report wherever material along the value chain: Valued societal impact of greenhouse gas emissions.	<b>EXTENDED</b>	<b>NCP, ISO 14008</b>



# JointValues' CRITERIA FOR EVALUATING COMPANIES' PREPAREDNESS TOWARDS CLIMATE CHANGE AND ITS INTEGRATION IN BUSINESS

01

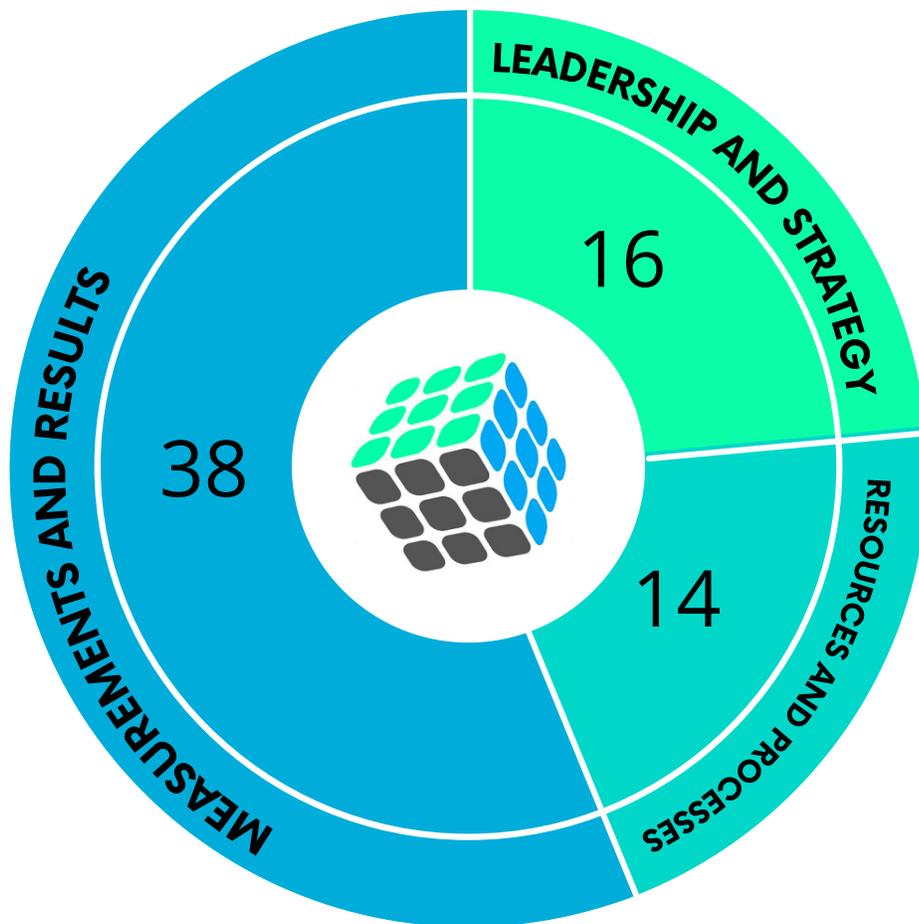
LEADERSHIP  
AND  
STRATEGY

02

RESOURCES  
AND  
PROCESSES

03

MEASUREMENTS  
AND  
RESULTS



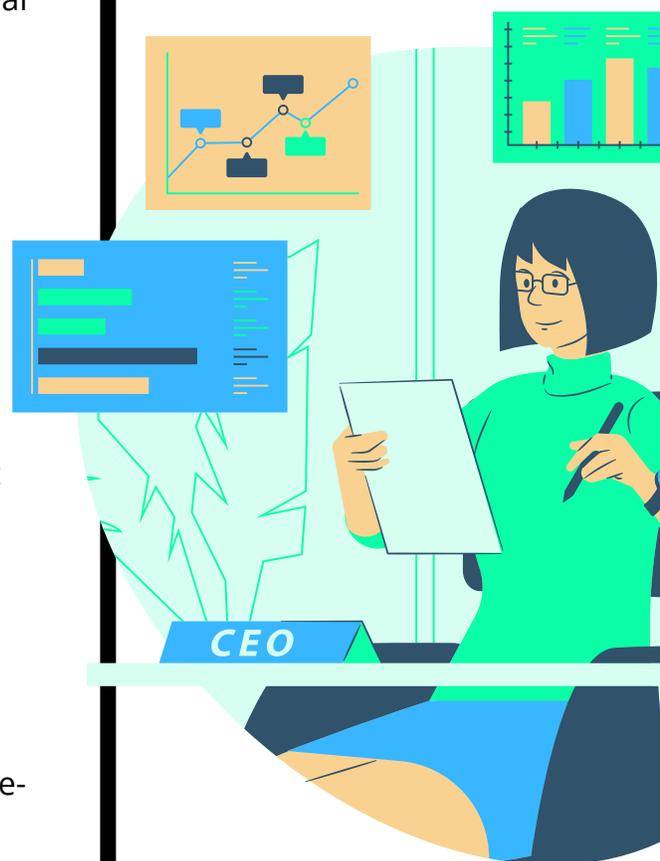
# 01

## LEADERSHIP AND STRATEGY

- 01** Is there a board-level of oversight of climate-related issues within the organization?
- 02** Is there a board-level sub-committee with terms of reference for climate-related matters?
- 03** Is there a dedicated position(s) in the organization's management responsible for climate-related issues?
- 04** Is climate change a part of the responsibilities of the highest management position in the organization (e.g., MD, CEO, or Chair of the management) in your organization or within direct reporting level to the most elevated management position?
- 05** Does the remuneration of the person responsible for climate change mitigation and adaptation in your organization include performance linked incentives for climate change and/or energy efficiency?
- 06** Does the Key Results Area of the senior management executives in your organization include any Key Performance Indicators (KPI) that reduce, directly or indirectly, the GHG emission or extends climate change mitigation and adaptation related benefits?
- 07** If the public disclosure of climate-related risk and opportunities to your organization forms a part of the person's statement in the highest management position (e.g., MD, CEO, or Chair of the management) in your organization?
- 08** Is the disclosure of climate-related risk and opportunities by your organization part of your organization's annual financial or mainstream report?
- 09** Has your organization described and disclosed the company's strategy to achieve its decarbonization targets?
- 10** Is your organization a member or signatory to any other national or international initiative or protocol on climate change?



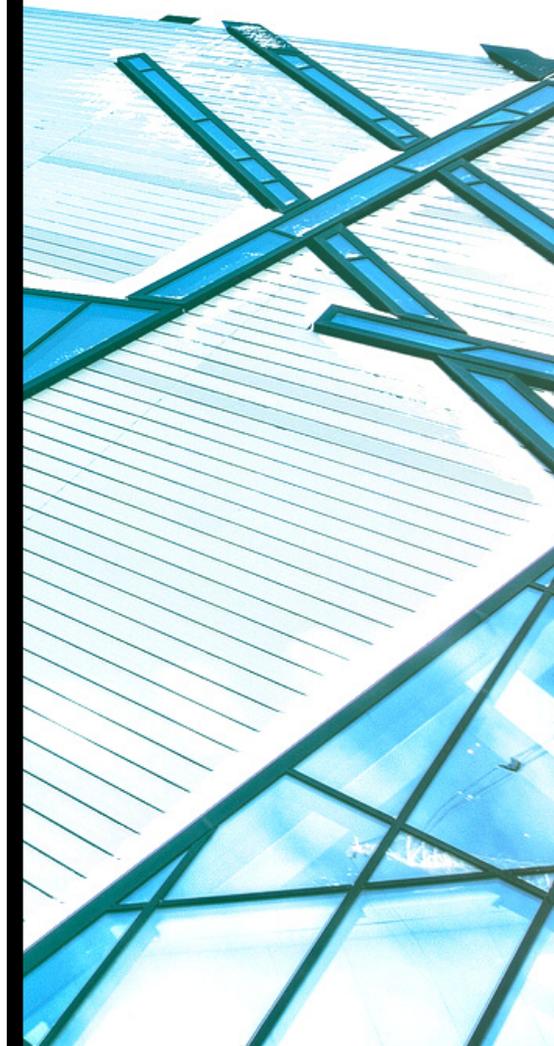
- 11** Is your organization a part of or supporting any national or international initiative to strengthen the resilience and adaptive capacity to climate-related hazards and natural disasters?
- 12** Is your organization directly or indirectly involved in policy advocacy for integrating climate change measures into national policies, strategies, and planning?
- 13** Is your organization involved in promoting the mechanisms for raising capacity for effective climate change-related planning and management in the least developed countries and small island developing states, including focusing on women, youth, and local and marginalized communities?
- 14** Is your company a listed TCFD supporter?
- 15** Whether your company has committed to set a science-based target (SBTi) in line with net-zero by 2050 or not?
- 16** Has your company set and disclosed ambition to achieve net-zero carbon emissions at or before the IPCC deadline of 2050?



- 17** Has your organization defined the "short-term" with relation to climate change?
- 18** Has your organization defined the "medium-term" with relation to climate change?
- 19** Has your organization defined the "long-term" with relation to climate change?
- 20** Has your organization disclosed the process and frequency of reporting significant risks to your organization's highest governance body?
- 21** Has your organization set voluntary GHG reduction targets in absolute GHG terms?
- 22** Has your organization set voluntary GHG reduction targets in specific GHG terms with relation to unit of product?
- 23** Do your company's GHG reduction targets have been approved by SBTi and listed in the SBTi database?
- 24** Does your organization define substantive financial or strategic impact on your business?
- 25** Does your organization have a process for identifying, assessing, and responding to climate change-related risks?
- 26** Does your organization have an Enterprise Risk Management system based on a widely-accepted framework (e.g., COSO, ISO 31000) where financial and other risks are identified, assessed, and planned for mitigation?
- 27** Does your organization have any process for identifying, assessing, and responding to climate-related opportunities?
- 28** Is your organization's process for identifying, assessing, and responding to climate-related risk and opportunities, a part of or integrated into your organization's Enterprise Risk Management framework?
- 29** Does your organization have any step in the value chain with GHG emissions identified as material based on your stakeholders' engagement or as published secondary reports and megatrends for the sector of your industry?
- 30** If your company uses an internal carbon price or 'shadow price' and disclose the same in the public domain?

# 02

## RESOURCES AND PROCESSES



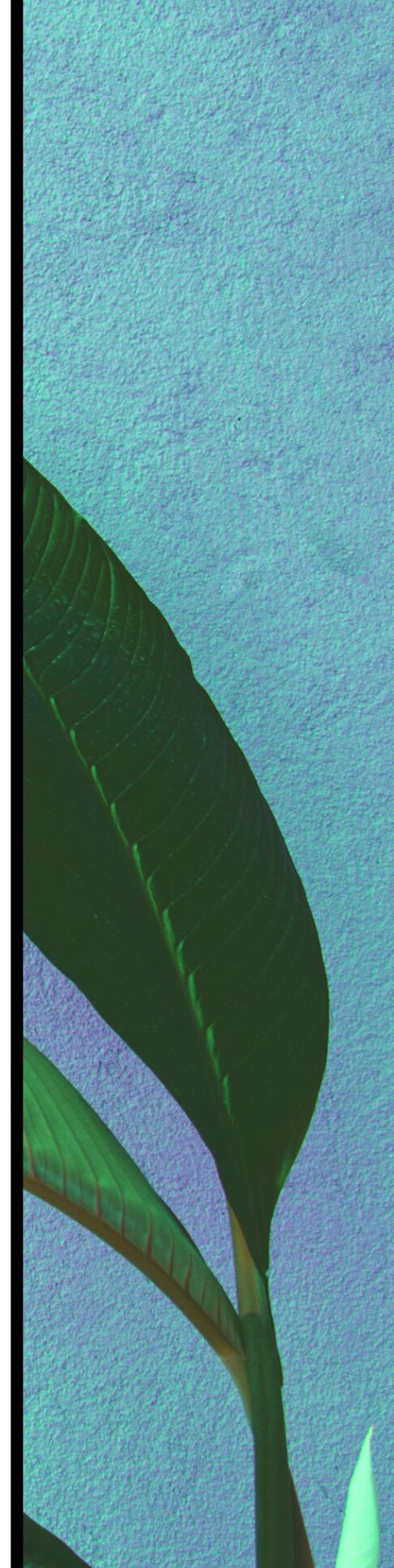
# 03

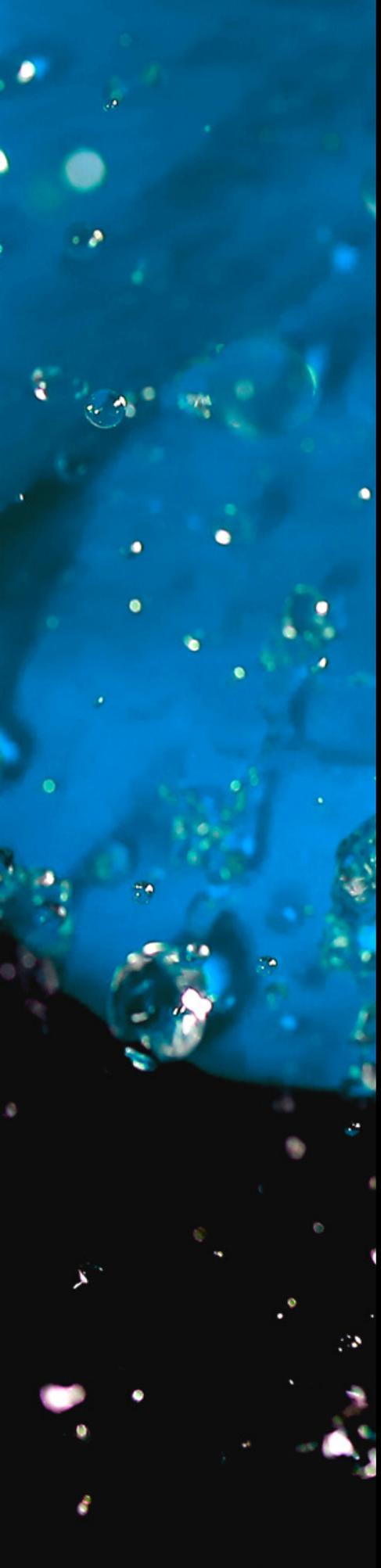
## MEASUREMENT AND RESULTS

- 31** Does your annual financial or mainstream report communicate whether the company is on track to meet its carbon reduction targets?
- 32** Does your organization disclose the substantive financial impact that may happen due to climate change in the short, medium, and long term?
- 33** Has your organization conducted physical risk assessment using Representative Concentration Pathways (RCP 4.5 or higher RCP) or any other recognized and respected scenarios developed by credible sources such as the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) or the International Renewable Energy Association (IRENA), for modelling adopted by IPCC for area of your operations and assets for climate change?
- 34** Does RCP 4.5 Scenario Modeling for the locations of your operations or assets of your organization show any risk of an increased likelihood of inundation, temperature rise, wind speed and storms or droughts?
- 35** If RCP 4.5 Scenario Modelling for your organization's locations or assets shows the risks of an increased likelihood of inundation, temperature rise, wind speed, and storms or droughts, whether it is identified as a potential risk that can impact your productivity or delivery or not?
- 36** If RCP 4.5 Scenario Modelling for your organization's locations or assets shows the risk of an increased likelihood of inundation, temperature rise, wind speed, and storms or droughts, whether you have planned mitigation and adaptation actions for business continuity or not?
- 37** Has your organization estimated the cost that may be required to incur in the short, medium, or long term for climate change mitigation or adaptation actions for business continuity?



- 38** Has your organization conducted a low carbon economy-driven market transitional risk assessment for your business?
- 39** Does your organization identify climate change as a material issue?
- 40** Does your organization identify GHG emissions from your processes as a material issue based on your stakeholders' engagement or as published secondary reports and megatrends for your industry sector?
- 41** Are any climate-related risks have been identified by your organization in the short, medium, or long term?
- 42** Are any climate-related opportunities have been identified by your organization in the short, medium, or long term?
- 43** Suppose your organization has identified any climate change related risk. Is this assessed for its significance as per the Enterprise Risk Assessment framework in your organization or any other credit risk assessment framework?
- 44** Suppose any climate change-related risk has been identified as significant for your organization due to your organization's Enterprise Risk Management process. Is this reported to the top governance level (e.g., sub-committee of the board of directors or full board of directors) in your organization?
- 45** Has your organization disclosed the climate-related risks, if any, in the public domain?
- 46** Has your organization disclosed the climate-related opportunities, if any, in the public domain?
- 47** Does your organization disclose GHG Protocol Scope 1 emissions minimum on annual frequency?
- 48** What are absolute GHG Protocol Scope 1 emissions of your organization in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) for the latest completed reporting year disclosed in the public domain?





- 49** What are GHG Protocol Scope 1 specific emissions per unit of product of your organization for latest completed reporting year disclosed in public domain?
- 50** What are GHG Protocol Scope 1 specific emissions per unit of revenue of your organization for latest completed reporting year disclosed in public domain?
- 51** What are absolute GHG Protocol Scope 1 emissions of your organization in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) for one year previous to the latest completed reporting year disclosed in the public domain?
- 52** What is GHG Protocol Scope 1 specific emission per unit of your organization's product for one year previous to the latest completed reporting year disclosed in the public domain?
- 53** What are GHG Protocol Scope 1 specific emissions per unit of revenue of your organization for one year previous to the latest completed reporting year disclosed in public domain?
- 54** What are absolute GHG Protocol Scope 1 emissions of your organization in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) for two year previous to the latest completed reporting year disclosed in public domain?
- 55** What are GHG Protocol Scope 1 specific emissions per unit of product of your organization for two year previous to the latest completed reporting year disclosed in public domain?
- 56** What are GHG Protocol Scope 1 specific emissions per unit of revenue of your organization for two year previous to the latest completed reporting year disclosed in public domain?
- 57** Does your organization fall in the top 10% of the organizations within your country in descending order of specific GHG emission per unit of product?
- 58** Does your organization disclose GHG Protocol Scope 2 emissions minimum on an annual frequency?
- 59** What was absolute GHG Protocol Scope 2 emissions of your organization in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) for the latest completed reporting year disclosed in the public domain?

- 60** Are upstream and downstream (GHG Protocol Scope 3) emissions material for your organization as per GHG protocol?
- 61** Are the GHG Protocol Scope 1 and Scope 2 emissions of your organizations verified or assured by any independent 3rd party using a standard for such assurance?
- 62** Does your organization have set voluntary GHG reduction targets aligned with NDC (Nationally Determined Targets) by India's Government?
- 63** Has your organization achieved the carbon emission reduction target set for the current reporting cycle?
- 64** Does your organization have disclosed the demonstrated track of reduction in GHG emission over baseline in the last three years?
- 65** Has your organization reported the progress by now against a science-based target to reduce GHG emissions?
- 66** Does coal or other fossil fuel are raw materials to operations of your company or its subsidiaries, contributing less than 50% of EBITDA of your company, as per books of accounts and disclosure in the public domain?
- 67** Does coal or other fossil fuel is the raw material to the operations of your company or its subsidiaries consuming over 50% of OPEX of your company, as per books of accounts and disclosure in the public domain?
- 68** Do the GHG emissions in your organization's value chain are identified as associated with any negative societal impact?

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