
CDP Forests Scoring Essential Criteria 2024



Full Forests Essential Criteria 2024: Version Control

| Version number | Release/revision date | Revision summary |
|----------------|-----------------------|---|
| 1.0 | 14/06/2024 | First version |
| 1.1 | 31/07/2024 | Additional criteria added relating to Financial services sector |

Introduction

To acknowledge organizations' positive and effective actions to mitigate risks due to climate change, water security and deforestation, CDP recognizes organizations awarded a high Leadership score via inclusion in the A List of their respective environmental issue area. In order for an organization to achieve A List status, they must ensure several items are included within their response, as well as pass several checks carried out by CDP after the submission of the response. In 2024, CDP has introduced new A-list checks for each environmental issue, reflecting the need for transformational, urgent and collaborative change in the face of ever-increasing environmental concerns across the world.

Every year, CDP increases the ambition of its disclosure framework, recognizing the practices that have been mainstreamed and, as a result, the changed criteria for what can be considered as 'leadership' in terms of environmental disclosure and performance. In previous years, CDP applied essential criteria in scoring to the A List only. In 2024, CDP is introducing an extra layer of essential criteria for forests at the Leadership level, that must be met for organizations responding to the full corporate questionnaire for Forests to achieve a Leadership-level score (A or A-). This will set a consistent baseline of reporting, ensuring that organizations include key data points that are critical to understanding how they are assessing and responding to environmental issues. It also ensures that high scoring organizations are disclosing in the most consistent and comprehensive way, and clarifies the critical datapoints that organizations must disclose on to earn leadership status.

Please note: in 2024, the Forests essential criteria will only be applied to organizations responding to the Full Corporate Questionnaire, excluding those organizations with Financial Services as their primary sector. Some essential criteria are specific to organizations in the Coal and Oil & gas sectors. For essential criteria that reference disclosed commodities, only the four scored forest risk commodities are assessed (timber products, palm oil, cattle products and soy). These essential criteria must be met for all of the scored commodities that the organization is disclosing on.

How to use this document

This document aims to outline the essential criteria across levels below and including the A list. This document is ordered to reflect the order of topics that arise in the 2024 Full Corporate Questionnaire - Forests. For each essential criteria topic, there is a table that outlines the following:

Essential criteria level – Essential criteria will be applied at Leadership or A list levels. Not all topics will have criteria applied to both levels. If a criterion is applied to Leadership level and the check is not met, this will limit an organization's final score to a B. Similarly, if the A-list criteria are not met then the final score will be limited to an A-.

Question – Each essential criterion will be linked to a question or multiple questions from the 2024 Full Corporate Questionnaire – Forests. Where two or more question numbers are referenced, this indicates that a combination of questions are assessed to meet the overall

essential criteria at that level. Question numbers that are combined with an 'OR' indicate that the essential criterion can be met through data points in either question.

Scored data points – The essential criteria have been broken down into their individual components based on key data points that they assess. In this column, each criterion is outlined in detail. Organizations must meet all criteria within a level to meet the overall essential criteria check, unless stated otherwise. Some criteria may specifically link to criteria that are present within the 2024 Full Corporate Scoring Methodology – Forests.

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2024 Full Forests Essential Criteria

Public response

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------|---|
| Leadership | N/A | ▼ The organization has submitted a public response to the CDP Full Corporate questionnaire. |
| A-list | N/A | ▼ No additional essential criteria; Leadership-level essential criteria also apply. |

Reporting of portfolio activity [Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------|---|
| A-list | 1.10 | ▼ The organization undertakes at least one of the following portfolio activities; <ul style="list-style-type: none"> ○ Banking (Bank), ○ Investing (Asset manager), ○ Investing (Asset owner), ○ Insurance underwriting (Insurance company) |

Full commodity disclosure [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------|---|
| Leadership | 1.22 | ▼ The organization has disclosed on all scored commodities that they produce and/or source. OR ▼ Where the organization is not disclosing on all scored commodities that they produce and/or source, an acceptable reason for not disclosing on each commodity is provided. |
| A-list | N/A | ▼ No additional essential criteria; Leadership-level essential criteria also apply. |

Identification, assessment, and management of risks [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------------------|---|
| A-list | 2.2.1 | <ul style="list-style-type: none"> ▼ The organization has a process for identifying, assessing and managing environmental risks. |
| | 1.22 AND 2.2.2 | <ul style="list-style-type: none"> ▼ The organization provides details on the process for identifying, assessing and managing forests-related risks with all information required as per the Management level criteria in the CDP Full Corporate Scoring Methodology – Forests. This also includes an indication of the process coverage. ▼ If the organization is disclosing on any commodities they source (as reported in question 1.22), then the process covers both their direct operations and their upstream value chain. If the organization is disclosing only on commodities that they produce and do not source, then the process covers at least their direct operations. ▼ Only row(s) where 'Forests' is selected in column 'Environmental issue' are assessed. |

Board-level oversight [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|-----------------------------------|---|
| A-list | 4.1 AND 4.1.2 AND 4.2 | <ul style="list-style-type: none"> ▼ If the organization has a board of directors or an equivalent governing body: <ul style="list-style-type: none"> ▼ The organization identifies the positions of individuals or committees on the board with accountability for forests-related issues. ▼ The organization has board-level competency on forests-related issues. ▼ Only row(s) where 'Forests' is selected in column 'Environmental issue' are assessed. |
| | OR | OR |

| | | |
|--|---|--|
| | 4.1 AND 4.3 AND 4.3.1 AND 4.4 | <ul style="list-style-type: none"> ▼ If the organization does not have a board of directors or equivalent governing body: <ul style="list-style-type: none"> ▼ The organization has management-level responsibility of forests-related issues, and identifies the highest senior management-level position or committee with responsibility for forests-related issues. ▼ The organization has management-level competency on forests-related issues. ▼ Only row(s) where 'Forests' is selected in column 'Environmental issue' are assessed. |
|--|---|--|

Environmental policies [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|---------------------|---|
| A-list | 4.6 AND 4.6.1 | <ul style="list-style-type: none"> ▼ The organization has a publicly available forests-related policy which includes at least one of the following: <ul style="list-style-type: none"> ▼ Commitment to no-conversion of natural ecosystems ▼ Commitment to no-deforestation ▼ Commitment to no deforestation, to no planting on peatlands, and to no exploitation (NDPE) ▼ Only row(s) where 'Forests' is selected in column 'Environmental issues covered' are assessed. |

CAPEX breakdown [Coal sector]

Please note: This essential criterion references questions within the Environmental Performance – Climate Change module. This criterion applies to scoring for this sector in all three environmental issue areas.

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------|---|
| A-list | 5.6 | <ul style="list-style-type: none"> ▼ The organization is not involved in the development or expansion of any new coal mines. |

CAPEX breakdown [Oil & gas sector]

Please note: This essential criterion references questions within the Environmental Performance – Climate Change module. This criterion applies to scoring for this sector in all three environmental issue areas.

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------|--|
| A-list | 5.6 | <ul style="list-style-type: none"> ▼ The organization is not involved in any explorations of new oil or natural gas fields. |

Engagement with suppliers [General & all sectors excl. Financial services]

Please note: This essential criterion does not apply if the organization is disclosing only on commodities that they produce and do not source (as reported in question 1.22).

| Essential Criteria Level | Question | Scored data points |
|--------------------------|------------------------|---|
| A-list | 5.11 | <ul style="list-style-type: none"> ▼ The organization engages with its suppliers on forests-related issues. |
| | 5.11.6 OR 5.11.7 | <ul style="list-style-type: none"> ▼ The organization reports at least one forests-related environmental requirement that suppliers have to meet as part of their purchasing process. ▼ Only row(s) where 'Forests' is selected in column 'Environmental issue...' are assessed. <p>OR</p> <ul style="list-style-type: none"> ▼ The organization reports at least one type of engagement with their suppliers on forests-related issues. ▼ Only row(s) where 'Forests' is selected in column 'Environmental issue...' are assessed. |

Emissions targets (near-term) [Coal sector]

Please note: This essential criterion references questions within the Environmental Performance – Climate Change module. This criterion applies to scoring for this sector in all three environmental issue areas.

| Essential Criteria Level | Question | Scored data points |
|--------------------------|------------------------|---|
| A-list | 7.53.1 OR 7.53.2 | <ul style="list-style-type: none"> ▼ The organization discloses an organization-wide Scope 1 and 2 emissions reduction target that either is validated by the Science Based Targets Initiative OR that is fully aligned with a 1.5°C scenario (at least a 4.2% absolute annual emissions reduction between base year and target year). |

Emissions targets (near-term) [Oil & gas sector]

Please note: This essential criterion references questions within the Environmental Performance – Climate Change module. This criterion applies to scoring for this sector in all three environmental issue areas.

| Essential Criteria Level | Question | Scored data points |
|--------------------------|------------------------|---|
| A-list | 7.53.1 OR 7.53.2 | <ul style="list-style-type: none"> ▼ The organization discloses near-term Scope 1, Scope 2 and Scope 3 emissions targets that are aligned with best practice as outlined on either the Science Based Targets Initiative Route OR the 1.5°C aligned CDP Route in the Leadership level criteria in the 2024 Full Corporate Scoring Methodology - Climate change. |

Exclusions from disclosure [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------|---|
| A-list | 8.1.1 | <ul style="list-style-type: none"> ▼ The organization does not have any significant exclusions from their disclosure. ▼ Where the organization reports exclusions from their disclosure: <ul style="list-style-type: none"> ▼ A description and reason for each exclusion is provided. ▼ The commodity volume that is excluded is provided, where applicable. ▼ Exclusions due to recent mergers or acquisitions are exempt from the above criteria and will not be considered as significant exclusions, as long as: <ul style="list-style-type: none"> ▼ The organization indicates that the merger or acquisition occurred within the reporting year. ▼ The organization indicates that the forests-related data will be incorporated in their disclosure in the next reporting year. |

Origin of forest risk commodities [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|------------------------------------|--|
| A-list | 8.2 AND 8.3 AND/OR 8.5 | <ul style="list-style-type: none"> ▼ The organization specifies the produced and/or sourced volumes of all scored commodities that they are disclosing on. ▼ Where organizations are disclosing on commodities they produce, details are provided on all country(ies) or area(s) used for commodity production. Reporting an unknown origin will not be accepted. The volume(s) reported must sum to 100% of the |

| | | |
|--|--|---|
| | | <p>total produced volume for the commodity as reported in question 8.2 (with max 5% variance).</p> <p>▼ Where organizations are disclosing on commodities they source, details are provided on the country(ies) or area(s) that the commodities are sourced from. The volume(s) reported must sum to 100% of the total sourced volume for the commodity as reported in question 8.2 (with max 5% variance).</p> |
|--|--|---|

Targets [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|---------------------|--|
| A-list | 8.7 AND 8.7.1 | <p>▼ The organization has a no-deforestation and/or a no-conversion target for each disclosed commodity, with a cutoff date no later than 2020 and a target date no later than 2025.</p> |

Traceability [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|---------------------|---|
| A-list | 8.8 AND 8.8.1 | <p>▼ The organization has a traceability system for each disclosed commodity, with at least 70% of the sourced volume for each commodity traceable to the production unit and/or sourcing area.</p> |

Deforestation and conservation-free status [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|----------|--|
| A-list | 8.9 | <p>▼ The organization has assessed either the deforestation and conversion-free (DCF) or the deforestation-free (DF) status for each disclosed commodity.</p> <p>▼ The organization reports the percentage of the disclosure volume determined as DCF/DF in the reporting year for each disclosed commodity.</p> |

Monitoring of deforestation and conversion footprint [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|-----------------------|--|
| A-list | 8.10 AND 8.10.1 | <ul style="list-style-type: none"> ▼ The organization monitors or estimates the deforestation and conversion footprint for each disclosed commodity. ▼ Where organizations are disclosing on commodities they produce, the deforestation and conversion footprint is monitored for the land owned, managed and/or controlled by the organization. ▼ Where organizations are disclosing on commodities they source, the deforestation and conversion footprint is monitored in the organization's value chain and/or estimated based on the sourcing area. |

Engagement in external initiatives [General & all sectors excl. Financial services]

| Essential Criteria Level | Question | Scored data points |
|--------------------------|--------------------|--|
| A-list | 8.15 OR 8.16 | <ul style="list-style-type: none"> ▼ The organization either engages in landscape or jurisdictional initiatives, or engages in other external activities to support the implementation of their policies and commitments. |