

## CDP Climate Change Sample – Investor Request 2023

This document outlines the process through which CDP, on behalf of its network of investor signatories, selects companies that are requested to respond to the CDP climate change questionnaire.

CDP recognizes that all industrial activities have a significant role to play in reducing emissions and tackling climate change. We therefore apply several criteria to identify those companies who are of most relevance to investors.

The factors that guide company selection for the climate change sample are:

1. The most relevant investable companies, based on market capitalization;
2. Companies with the highest environmental impact globally (based on emissions);
3. Continuity and comparability of company data year-on-year.

As a result, companies may be identified and selected based on multiple criteria, such as inclusion on a stock exchange, and due to their environmental impact.

### What criteria is used to select companies?

Companies in the climate change sample are identified based on three main criteria, following the principles above:

- ▼ To ensure regional relevance, the CDP climate change sample is constructed based on an amalgamation of constituents of different **regional indexes or stock market indexes around the world**. Companies are prioritized by market capitalization. The targeted number of indexes has grown over the years to cover different markets at a greater scope. There are currently more than 50 global and regional indexes requested.
- ▼ Companies may also be requested when they are deemed to have considerable **environmental impact**. The environmental impact criteria cover the most polluting public and private companies from high-emitting sectors. These lists are compiled by CDP's Data and Environmental Practice teams and are reviewed regularly. They aim to ensure that high emitting companies are covered year-on-year.
- ▼ To ensure **continuity** and **comparability** of the data, the sample also includes companies that received and responded to the request from investors in the previous year but dropped out of the sample for other reasons, such as changes in market capitalization or ownership.

On a case-by-case basis, other criteria may be considered, such as the following:

## 1. Equity criteria

- ▼ First, for each of the regions/groupings listed below, companies are ranked from largest to smallest, based on market capitalization in USD. This analysis is usually done at the beginning of September, the year prior to the request.
- ▼ Duplicate listings, Investment trusts (not including REITs), and Exchange Traded Funds are excluded.
- ▼ A cut off is then applied, to select the top companies for that region/grouping. See below for further details of the cut off for each region/grouping.

Please note that depending on listing on multiple exchanges, companies may be identified as relevant on equity criteria for more than one regions/grouping.

The regions/groupings covered by indexes or stock exchange indexes are:

- ▼ **Africa:** 150 of the largest companies in Africa, excluding South Africa, based on market capitalization;
- ▼ **South Africa:** 100 of the largest companies in South Africa;
- ▼ **Middle East:** 400 of the largest companies in the Middle East;
- ▼ **Asia Pacific:** 1600 of the largest companies in Asia excluding Japan, India, China and Korea;
- ▼ **China:** 800 of the largest companies in China based on market capitalization;
- ▼ **India:** 1000 of the largest companies in India based on market capitalization;
- ▼ **Korea:** 300 of the largest companies in Korea based on market capitalization;
- ▼ **Japan:** 1800 of the largest companies in Japan, by their inclusion on the Tokyo Stock Exchange's Prime Segment;
- ▼ **Australia:** 300 of the largest companies in Australia based on market capitalization;
- ▼ **New Zealand:** 100 of the largest companies in New Zealand based on market capitalization;
- ▼ **Latin America:** 500 of the largest companies in Latin America based on market capitalization;
- ▼ **United States of America:** 1000 of the largest companies in the USA based on market capitalization;
- ▼ **Canada:** 200 of the largest companies in Canada based on market capitalization;
- ▼ **Benelux:** 250 of the largest companies in the Netherlands, Belgium and Luxemburg based on market capitalization;

- ▼ **CEE:** 200 of the largest companies in Central & Eastern Europe (Baltic States, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia) based on market capitalization;
- ▼ **DACH:** 550 of the biggest companies in Austria, Germany, and Switzerland by market capitalization;
- ▼ **Euro:** 300 of the largest companies in Europe based on market capitalization;
- ▼ **France:** 250 of the largest companies in France based on market capitalization;
- ▼ **UK:** 450 of the largest companies in the UK based on market capitalization;
- ▼ **Spain:** 85 of the largest companies in Spain based on market capitalization;
- ▼ **Portugal:** 30 of the largest companies in Portugal based on market capitalization;
- ▼ **Italy:** 100 of the largest companies in Italy based on market capitalization;
- ▼ **Ireland:** 40 of the largest companies in Ireland based on market capitalization;
- ▼ **Nordic:** 260 of the largest companies in Denmark, Norway, Finland and Sweden based on market capitalization;
- ▼ **Russia:** 40 of the largest companies in Russia based on market capitalization;
- ▼ **Turkey:** 100 of the largest companies in Turkey based on market capitalization;
- ▼ **Global 500:** 500 of the largest companies globally based on market capitalization;
- ▼ **Emerging markets:** 800 of the largest and midsized companies in the Emerging Markets based on market capitalization;
- ▼ **FTSE All-World:** 800 of the largest global companies in developed countries based on market capitalization;
- ▼ **FTSE Alternative Investment Market:** 100 of the largest companies listed on the alternative investment market;
- ▼ **MSCI Small Cap:** All companies that are constituents of the MSCI Small Cap index;
- ▼ **MSCI ACWI:** All companies that are constituents of the MSCI ACWI index; and
- ▼ **Benchmark:** All companies that have been constituents of the MSCI ACWI at least one quarter since 2015.

## 2. Environmental criteria

The first list of companies selected under environmental impact criteria:

- ▼ We define a company universe based on emissions data reported to CDP, CDP modelled emissions data, and other publicly available external data sources.
- ▼ The 2200 companies with the highest emissions are then included in the climate change sample.
- ▼ The sectors with the highest numbers of companies are Materials, Energy, Industrials, Consumer Discretionary and Utilities.

The second list, our climate high-impact sample, has been created with the following criteria, using [CDP's Full GHG Emissions Dataset](#):

- ▼ Companies with the highest scope 1 and 2 emissions, and with the highest scope 3 emissions in the CDP 2019 Investor-requested sample for the climate change questionnaire.
- ▼ MSCI ACWI constituents with the highest market cap.
- ▼ Companies meeting the dual criteria of having the highest market cap in their HQ Country, and companies having the highest GHG emissions in their industry.
- ▼ The 20 largest private US companies, the 15 largest private EU companies by revenue, and the 100 largest private companies globally.

### 3. Continuity criteria

- ▼ Companies who were requested as part of the climate change sample in the previous year and have submitted a response to investors, will automatically be requested again. This ensures continuity in companies receiving an annual request for disclosure, regardless of slight changes to their revenue or market capitalization. It also ensures stability in the data set presented to investors on a year-to-year basis.
- ▼ A group of global companies was identified as a baseline in order to track corporate commitments following the Paris Agreement. These companies continue to be requested for continuity of the dataset.

### 4. Fixed income criteria

- ▼ As above, the initial criteria in the methodology relates to publicly listed companies. In 2020, CDP aimed to expand upon its traditional investor request to include the bond markets by working with a number of participating investors to request disclosure from corporate and municipal debt issuers, and to drive more environmental transparency within the fixed income market.
- ▼ In 2023, our fixed income sample includes the top 800 global bond issuers based on number of individual bonds - included in key global USD, GBP, and EUR-denominated bond indices - to meet growing demand for environmental transparency within the fixed income market.

## 5. Other criteria

- ▼ The global food system is responsible for an estimated 28% (and possibly up to 35%) of global GHG emissions and is linked to land-use, deforestation and water security concerns. 60 companies that are constituents of the **Coller FAIRR Protein Producer Index** are included in the climate change sample to address this impact.

### Final climate sample

The final sample for climate change is a group of 14,625 unique companies by geographical division, approximately:

- ▼ Asia 40% (13% China; 14% Japan)
- ▼ Europe 22%
- ▼ North America (not including Mexico) 24%
- ▼ Latin America and the Caribbean 4%
- ▼ Oceania 3%
- ▼ Africa 2%
- ▼ Middle East 5%

Please note that the numbers above do not account for those companies that are not deemed relevant according to our criteria but volunteer to respond to the CDP climate change questionnaire and submit their response to CDP's investor signatories (known as "self-selected companies").

To discuss disclosing through CDP, companies should contact their account manager or [local CDP office](#).