CDP Forests Sample – Investor Request 2023

This document outlines the process through which CDP, on behalf of its network of investor signatories, selects companies requested to respond through the **CDP forests questionnaire***.

CDP recognizes that not all industrial activities have a significant role to play in reducing negative impacts in pursuit of a deforestation-free future. We therefore apply specific criteria for identifying those businesses for which deforestation is likely to represent a significant environmental and financial issue. These steps ensure that businesses around the world are only requested to report on the issues that matter most to their investors.

CDP's forests questionnaire focuses on five commodities: palm oil, timber products, cattle products, soy, natural rubber. Palm oil, timber products, cattle products, and soy are covered because they are responsible for the largest share of commercial tropical and sub-tropical deforestation, and natural rubber* is also included because it plays a significant role in commercial tropical deforestation in Asia.

What criteria is used to select companies?

The following environmental and financial criteria are used to select companies:

- **Forests impact assessment:** Does any aspect of the value chain associated with the given industrial activity have the potential to detrimentally impact upon forests through its **production or use of one or more of the focus commodities** (palm oil, timber products, cattle products, soy and/or rubber)?

- **Forests impact rating:** How significant are the potential forest impacts associated with the industrial activity?

- **Revenue threshold:** How much company revenue is associated with this industrial activity? What percentage of company revenue is associated with this industrial activity?

To ensure **continuity** and comparability of the data, the sample also includes companies that responded to investors' disclosure requests in the previous year but dropped out of the sample for other reasons, such as changes in market cap or ownership.

On a case-by-case basis, other criteria may be considered. These steps are described in greater detail below.

Environmental and financial criteria

1. Forests impact assessment

CDP conducts a thorough assessment of each of the 200 industrial activities in our [Activity Classification System](#) in terms of their association with deforestation. We assess how each industrial activity relates to deforestation in either its direct operations or in its supply chain.

For each stage of the value chain, the forests impact assessment establishes the level of potential detrimental impact upon forests through the production or use of one or more of the focus commodities (palm oil, timber products, cattle products, soy and/or rubber).

The assessment is informed solely by independent, trusted academic and industry recognized sources, such as: published academic research and credible government, trade and NGO publications.

2. Forest impact rating

CDP then uses a rating system to establish the significance of an industrial activity's potential impact upon forests, relative to other activities, at each stage of the value chain. Based on extensive research conducted, direct operations and supply chain for each industrial activity is scored between 0 and 4 points according to the severity of the potential impact:

- ◤ Critical = 4
- ◤ Very High = 3
- ◤ High = 2
- ◤ Medium = 1
- ◤ Low/no impact = 0

Activities receive a minimum score of 0 points and a maximum score of 4 points. The results of this assessment inform the prioritization of activities with the highest potential to impact forests, as described in the third step below.

3. Revenue threshold

Finally, CDP combines the impact assessment and rating with information on the amount of revenue that each [company requested to disclose climate change data,](#) generates from the various industrial activities to which it is associated (See Appendix

2 for a list of indexes used in the selection of companies requested to disclose climate change data to investors as part of the Climate Change sample). The higher the potential impact of the activity on forests, the lower the revenue threshold for the activity. This ensures that companies engaging in the activities that have the highest impact will be included in the sample, even if those activities only represent a small part of the overall business. Conversely, the lower the potential impact, the higher the revenue threshold. This ensures the size and volume of operations are accounted for, even when the activity in question has a relatively low potential to impact on forests.

We use financial data available in the final quarter of the previous calendar year.

Forests Impact Level from Step 2	Revenue threshold US$	Percentage of revenue threshold
Not relevant / Low	Activity not included	Activity not included
Medium	30,000,000,000	100%
High	30,000,000,000	90%
Very High	1	1%
Critical	1	1%

A company will therefore be requested to disclose to investors through CDP's forests questionnaire, if:

◤ The impact rating of the activities in which it is involved is either critical, very high, high or medium (see Appendix 1 for the list of CDP-ACS activities); and
◤ The company's revenue associated with the activity exceeds either of the relevant thresholds laid out in the table above.

The result of this process is a list of companies for which deforestation is likely to represent a significant environmental and financial issue, thereby ensuring that only relevant businesses around the world are requested to report on deforestation issues to their investors.

Continuity criteria

Companies that submitted a response to investors in the previous year as part of the forests sample will automatically be requested to respond again. This ensures continuity in companies receiving an annual request for disclosure, regardless of slight changes to its revenue or market capitalization. It also ensures stability in the data set presented to investors on a year-by-year basis.

▪ Note that companies with relevant business activities that were requested but did **not** submit a response to the forests sample in 2022, may also be

included in the 2023 forests sample. This helps to maintain consistency between the approaches used to set the sample in 2022 and 2023.

- For 2022, such companies with under US$2.6 billion from a medium/high forests impact rated business activity were not requested to disclose to focus on disclosure from companies with higher potential impact.

Other criteria

As the list of companies invited to disclose climate change data is predominantly made up of companies with industry activities rated as low or as having no potential forest impact, the list of companies invited to respond to the investor-led forests disclosure request is therefore supplemented with:

- Companies listed on the Shanghai, Shenzhen, and Hong Kong stock exchanges or those featured in the FTSE All Cap Asia-Pacific Region Index with "Critical" or "Very High" potential forest impact activities;

- Companies that were identified as Global Canopy's Forest 500 deforestation powerbrokers, and publicly listed palm oil producers or processors featured in the SPOTT index;

- Around 500 of the most impactful companies from key regions - constituents of FTSE All Cap, MSCI ACWI IMI, the top 3000 companies listed on European exchanges and companies listed on: Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Exchanges and Clearing Limited, Singapore Exchange Limited, Taiwan Stock Exchange Corp, Taipei Exchange, Bursa Malaysia, Indonesia Stock Exchange, Philippine Stock Exchange, Inc., The Stock Exchange of Thailand, B3 - Brasil Bolsa Balcão S.A., Santiago Stock Exchange, Lima Stock Exchange, Bolsa Mexicana de Valores in Mexico, Colombia Securities Exchange, New York Stock Exchange, Nasdaq, Bombay Stock Exchange, National Stock Exchange – India, Buenos Aires Stock Exchange, Bolsa de Valores y Productos de Asunción, Bolsa de Valores de Montevideo classed as producers, processors, traders of the five key forest-risk commodities (revenue threshold per activity of US$ 4.3 million) or manufactures/retailers of products containing them (revenue threshold per activity of US$ 30 million) that are headquartered in either Asia, South East Asia or Latin America with either "Critical" or "Very High" potential forest impact activities.

In 2019, CDP expanded its work on forests to incorporate two biodiversity-focused sector specific questionnaires for the metals & mining and coal sectors. Companies in these sectors are only presented with these specific questionnaires rather than the standard forests questionnaire (which is focused on the five commodities of palm oil, timber products, cattle products, soy and rubber)**. Companies are selected to receive these sector specific questionnaires, if:

1) They were part of the 2019 climate change sample, and were classified with one of the following primary activity classifications under CDP's Activity

Classification System (CDP-ACS): Coal extraction/Iron ore mining/Mined precious metals/Other non-ferrous ore mining/Other non-metallic minerals; or they operate mining project(s) and their primary activity classification is Aluminium refining/Copper refining/Metal processing/Other non-ferrous refining.

2) They are exposed to high deforestation risk based on the list of the top 60 companies with the highest number of large-scale mining operations in forests presented by the World Bank in 2019 (page 41).

Please note that the sample does not take into account those companies that are not deemed relevant according to our criteria, but volunteer to respond through the CDP forests questionnaire and submit their response to CDP's investor signatories (known as "self-selected companies").

Reporting to investors through CDP's forests questionnaire provides companies with an opportunity to demonstrate that they are managing detrimental impacts and associated risks in a robust way.

To discuss disclosing through CDP, please contact your account manager or local CDP office.

*Companies are not scored on rubber disclosure.
**Companies are not scored on the Metals & Mining and Coal questionnaires.

CDP Industry	CDP Activity Group	CDP Activity	FOREST IMPACT
Apparel	Textiles & fabric goods	Apparel design & manufacturing	High
		Luggage & bags	High
		Textiles	High
Biotech, health care & pharma	Biotech & pharma	Pharmaceuticals	Medium
		Biotechnology	Not relevant
	Health care provision	Health care facilities	Not relevant
	Medical equipment & supplies	Health care supplies	Not relevant
		Medical equipment	Not relevant
Food, beverage & agriculture	Food & beverage processing	Animal processing	Critical
	Crop farming	Cotton farming	Not relevant
		Other crop farming	Critical
	Food & beverage processing	Other food processing	Very High
	Fish & animal farming	Other animal farming and processing	Critical
		Cattle farming	Critical
		Poultry & hog farming	Critical
		Aquaculture	Very High
		Fishing	Not relevant
	Crop farming	Cocoa bean farming	Not relevant
		Fruit farming	Not relevant
		Grain & corn farming	Critical
		Rice farming	Not relevant
		Other oilseed farming	Critical
		Palm oil farming	Critical
		Soybean farming	Critical
		Sugarcane farming	Not relevant
		Vegetable farming	Not relevant
	Food & beverage processing	Sugar	Not relevant
		Oilseed processing	Critical

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		Grain & corn milling	**Critical**
		Palm oil processing	**Critical**
		Soybean processing	**Critical**
		Baked goods & cereals	**Very High**
		Dairy & egg products	**Critical**
		Fruit, nut & vegetable processing	**Not relevant**
		Seafood processing	**Very High**
		Non-chocolate confection	**Medium**
		Chocolate confection	**Very High**
		Alcoholic beverages	**Not relevant**
		Non-alcoholic beverages	**Medium**
		Coffee	**Not relevant**
		Tea	**Not relevant**
	Tobacco	Tobacco products	**Very High**
	Crop farming	Biofuel supply	**Critical**
	Logging & rubber tapping	Logging	**Critical**
		Rubber farming	**Very High**
Fossil fuels	Chemicals	Basic plastics	**Not relevant**
	Other materials	Glass products	**Not relevant**
	Oil & gas extraction & production	Oil & gas extraction initial	**Not relevant**
		Natural gas extraction	**Not relevant**
	Oil & gas retailing	Oil & gas marketing & retailing	**Not relevant**
	Oil & gas storage & transportation	Oil & gas pipelines & storage	**Not relevant**
	Oil & gas processing	Oil & gas refining	**Not relevant**
	Coal mining	Coal extraction & processing	**High**
Hospitality	Entertainment facilities	Gambling	**Not relevant**
		Recreation & entertainment facilities	**Not relevant**
	Bars, hotels & restaurants	Hotels & lodging	**Medium**
		Food & beverage amenities	**Very High**
		Fast food	**Critical**
Infrastructure	Construction	Residential building construction	**High**

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	Land & property ownership & development	Land sales & leasing	**Not relevant**
	Construction	Renewable energy construction	**Not relevant**
	Land & property ownership & development	Real estate owners & developers	**High**
	Non-energy utilities	Waste management	**Not relevant**
		Recycling	**Not relevant**
	Land & property ownership & development	Infrastructure upkeep & management	**Not relevant**
	Construction	Infrastructure Construction	**Not relevant**
		Utility line construction	**Not relevant**
		Energy infrastructure construction	**Not relevant**
		Transportation infrastructure & other construction	**High**
		Non-residential building construction	**High**
	Energy utility networks	Electricity networks	**Not relevant**
		Gas utilities	**Not relevant**
	Non-energy utilities	Water supply networks	**Not relevant**
		Waste water management	**Not relevant**
International bodies	Supranationals	Supranationals	**Not relevant**
	Government bodies	Government national	**Not relevant**
	Government agencies	Agencies national	**Not relevant**
	Government banks	Government banks	**Not relevant**
	Government bodies	Government regional	**Not relevant**
	Government agencies	Agencies regional	**Not relevant**
	Government bodies	Government local	**Not relevant**
	Government agencies	Agencies local	**Not relevant**
Manufacturing	Leisure & home manufacturing	Accessories	**High**
	Transportation equipment	Automobiles	**Very High**
	Metal products manufacturing	Fabricated metal components	**Not relevant**
	Electrical & electronic equipment	Electrical equipment	**Not relevant**
	Powered machinery	Other vehicle equipment & systems	**Not relevant**
		Engines & motors	**Not relevant**
	Light manufacturing	Automotive interior	**Very High**
		Tires	**Very High**

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Electrical & electronic equipment	Batteries	Not relevant
Light manufacturing	Other building products	High
Wood & rubber products	Finished wood products	Critical
Electrical & electronic equipment	Household appliances	Not relevant
Leisure & home manufacturing	Furniture	High
	Homeware	Very High
	Toys & games	Medium
Transportation equipment	Recreational vehicles	Not relevant
Leisure & home manufacturing	Sporting goods	Not relevant
Light manufacturing	Munitions	Not relevant
Electrical & electronic equipment	Computer hardware	Not relevant
Paper products & packaging	Paper products	Critical
Renewable energy equipment	Other renewable energy equipment	Not relevant
	Solar energy equipment	Not relevant
Diversified Industrials	Diversified Industrials	Not relevant
Transportation equipment	Aerospace	Not relevant
	Heavy vehicles	Not relevant
	Shipbuilding	Not relevant
Powered machinery	Industrial machinery	Not relevant
Electrical & electronic equipment	Electronic components	Not relevant
	Electronic equipment	Not relevant
Powered machinery	Agriculture, construction & mining machinery	Not relevant
Light manufacturing	Pollution control equipment	Not relevant
Transportation equipment	Railroad rolling stock	Not relevant
Wood & rubber products	Rubber products	Very High
Plastic product manufacturing	Plastic products	Not relevant
Light manufacturing	Other containers & packaging	Not relevant
Metal products manufacturing	Metal containers & packaging	Not relevant
Paper products & packaging	Paper packaging	Critical
Electrical & electronic equipment	Communications equipment	Not relevant
	Semiconductors	Not relevant

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Materials	Chemicals	Personal care & household products	**Critical**
		Biofuels	**Critical**
	Metal smelting, refining & forming	Metal processing	**High**
	Chemicals	Agricultural chemicals	**Not relevant**
		Non-nitrogenous fertilizers	**Not relevant**
		Nitrogenous fertilizers	**Not relevant**
		Other base chemicals	**High**
		Inorganic base chemicals	**Not relevant**
	Wood & paper materials	Sawmills & wood materials	**Critical**
	Chemicals	Specialty chemicals	**Medium**
	Other materials	Ceramics	**Not relevant**
	Cement & concrete	Cement	**Not relevant**
	Other mineral mining	Other non-metallic minerals	**High**
	Other materials	Other non-wood building materials	**Not relevant**
	Cement & concrete	Concrete products	**Not relevant**
	Wood & paper materials	Pulp & paper mills	**Critical**
	Metal smelting, refining & forming	Iron & steel	**Not relevant**
	Metallic mineral mining	Iron ore mining	**High**
	Metal smelting, refining & forming	Other non-ferrous metals	**High**
		Aluminum	**High**
	Metallic mineral mining	Bauxite mining	**High**
	Metal smelting, refining & forming	Copper	**High**
	Metallic mineral mining	Other non-ferrous ore mining	**High**
		Precious metals & minerals mining	**High**
	Metal smelting, refining & forming	Precious metals	**High**
Power generation	Thermal power generation	Power generation	**Not relevant**
		Fossil generation	**Not relevant**
	Nuclear power generation	Nuclear generation	**Not relevant**
	Renewable power generation	Other renewable generation	**Not relevant**
		Solar generation	**Not relevant**
		Wind generation	**Not relevant**

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		Geothermal generation	Not relevant
		Hydro generation	Not relevant
	Biomass & waste generation	Biomass & waste generation	Very High
Retail	Discretionary retail	Specialist retail	High
	Trading, wholesale, distribution, rental & leasing	Consumer goods wholesale & rental	Not relevant
	Discretionary retail	Apparel stores	High
	Trading, wholesale, distribution, rental & leasing	Textile & apparel wholesale	Very High
		Transportation equipment wholesale & dealing	Not relevant
		Technology hardware wholesale & distribution	Not relevant
		Home & office wholesale	Very High
		Chemicals wholesale & distribution	Not relevant
		Wood & paper products wholesale	Critical
		Pharma & health care supplies wholesale & distribution	Medium
		Vehicles & machinery rental & leasing	Not relevant
	Discretionary retail	Discretionary delivery retail	Medium
		Department stores	Very High
	Trading, wholesale, distribution, rental & leasing	Construction & building materials dealing & distribution	High
	Convenience retail	Supermarkets, food & drugstores	Critical
	Trading, wholesale, distribution, rental & leasing	Agricultural products wholesale	Critical
		Animal products wholesale	Critical
		Food & beverage wholesale	Very High
	Convenience retail	Hypermarkets & superstores	Critical
	Trading, wholesale, distribution, rental & leasing	Industrial machinery distribution	Not relevant
		Metals supply, wholesale & trading	Not relevant
Services	Web & marketing services	Marketing	Not relevant
	Print & publishing services	Print publishing	Critical
	Media, telecommunications & data center services	Media	Not relevant
	IT & software development	Software	Not relevant

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	Web & marketing services	Web-based services	**Not relevant**
	Media, telecommunications & data center services	Telecommunications services	**Not relevant**
		Servers & data centers	**Not relevant**
	Specialized professional services	Engineering services	**Not relevant**
	Other services	Education services	**Not relevant**
	Commercial & consumer services	Consumer services	**Not relevant**
	Print & publishing services	Printing services	**High**
	Other services	Real estate services	**Not relevant**
	Commercial & consumer services	Travel services	**Not relevant**
		Commercial services	**Not relevant**
	Industrial support services	Energy services & equipment	**Not relevant**
		Industrial services	**Not relevant**
	Financial services	Banks	**Not relevant***
		Asset managers	**Not relevant***
	Specialized professional services	Other financial	**Not relevant***
	Financial services	Insurance	**Not relevant***
		REIT	**Not relevant**
	Other services	Health care services	**Not relevant**
	Industrial support services	Transportation support services	**Not relevant**
	Specialized professional services	Other professional services	**Not relevant**
	Industrial support services	Mining & metals support services	**Not relevant**
	IT & software development	IT services	**Not relevant**
Transportation services	Marine transport	Cruise lines & ferries	**Not relevant**
	Intermodal transport & logistics	Intermodal transport	**Not relevant**
	Air transport	Passenger airlines	**Not relevant**
		Air freight	**Not relevant**
	Intermodal transport & logistics	Logistics	**Not relevant**
	Marine transport	Marine freight	**Not relevant**
	Rail transport	Rail freight	**Not relevant**
	Road transport	Road freight	**Not relevant**
	Passenger transport	Passenger transport	**Not relevant**

	Rail transport	Passenger rail	**Not relevant**
	Road transport	Bus & taxi	**Not relevant**

* Financial institutions' impact on nature, and their exposure to nature-related risks, come almost entirely from the activities they finance and/or insure in the wider economy. They are requested to report information related to forests and water security in an integrated manner **through the Forests and Water Security module of the CDP climate change questionnaire** only if they lend to, invest in or insure sectors of the economy with a critical impact or dependency on nature. Financial services companies can still volunteer to respond through the CDP forests questionnaire and submit their response to CDP's investor signatories (known as "self-selected companies") on any business operations that produce or use one or more of the focus commodities or operate mines. Please see https://www.cdp.net/en/companies-discloser/how-to-disclose-as-a-company/faqs-for-companies for more details on how to self-select.

Appendix 2

The cut-offs for regions/groupings covered by indexes or stock exchange indexes used in the selection of companies requested to disclose climate change data to investors as part of the Climate Change sample:

- **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.

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