

Introduction to CDP Forests Disclosure

Hosted by CDP Europe

9 May 2023



Dear all,

Thank you for joining us today.

We will begin the session shortly.

Please note that we will be recording this session and that the recording will be available on our webinars landing page after the event.

For any questions which you may have and would like to address to the speakers, please use the Q&A function in this regard, which is located on the bar at the top.

Your CDP Europe team



Speakers



Dorian Fougères

Senior Nature Lead Europe
CDP Europe



Liv Longva

SVP Strategic Sourcing
Borregaard



Benan Ürgün

Engagement Officer
CDP Europe

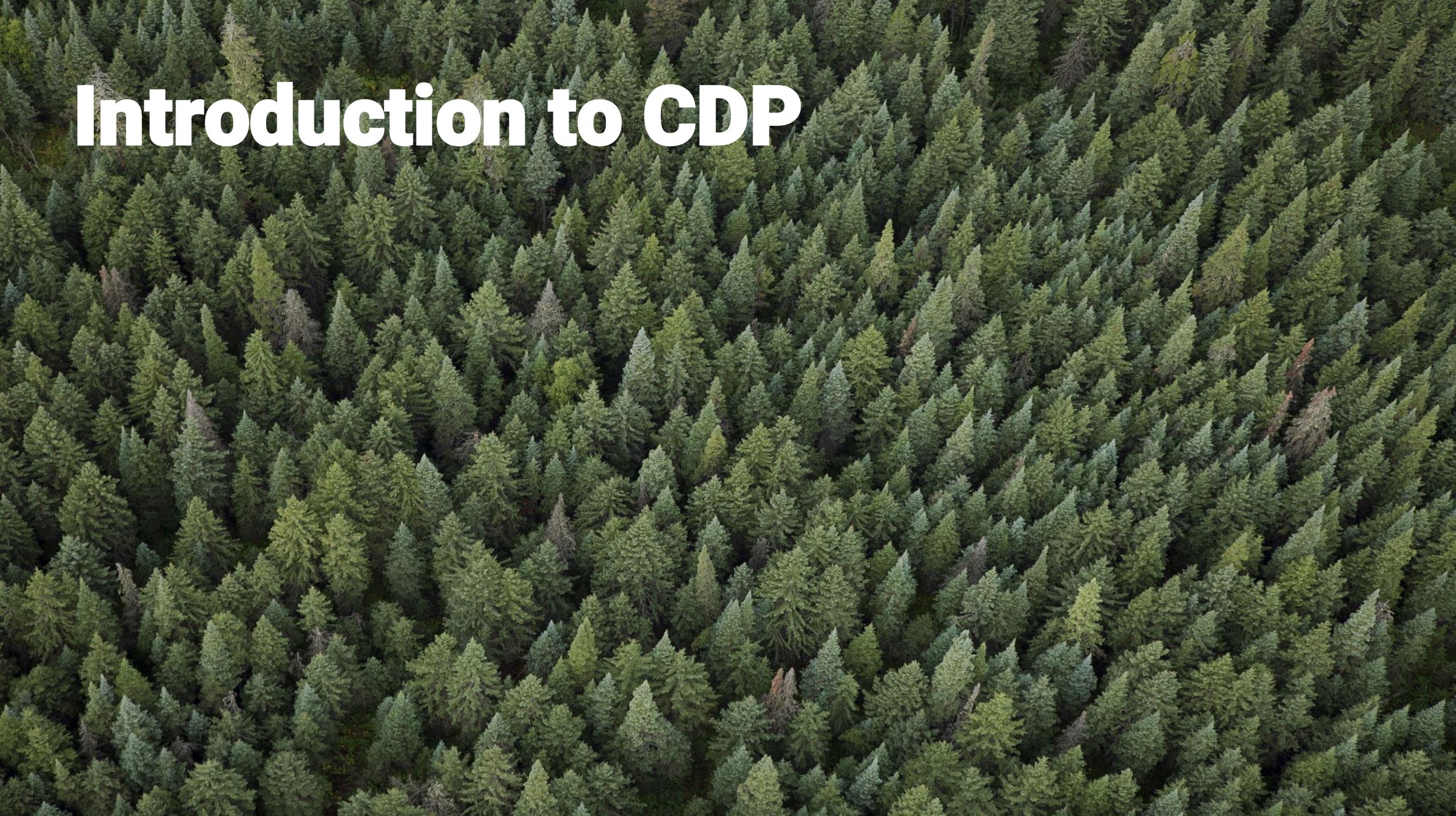
Agenda

- ▼ Introduction to CDP
- ▼ Why forests?
- ▼ Borregaard's perspective on forests and CDP disclosure
- ▼ How to get started with disclosure?
- ▼ Open discussion / Q&A

Let us know!



Introduction to CDP



ABOUT CDP



CDP is a global environmental non-profit working to secure a thriving economy that works for people and planet in the long term.



CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.

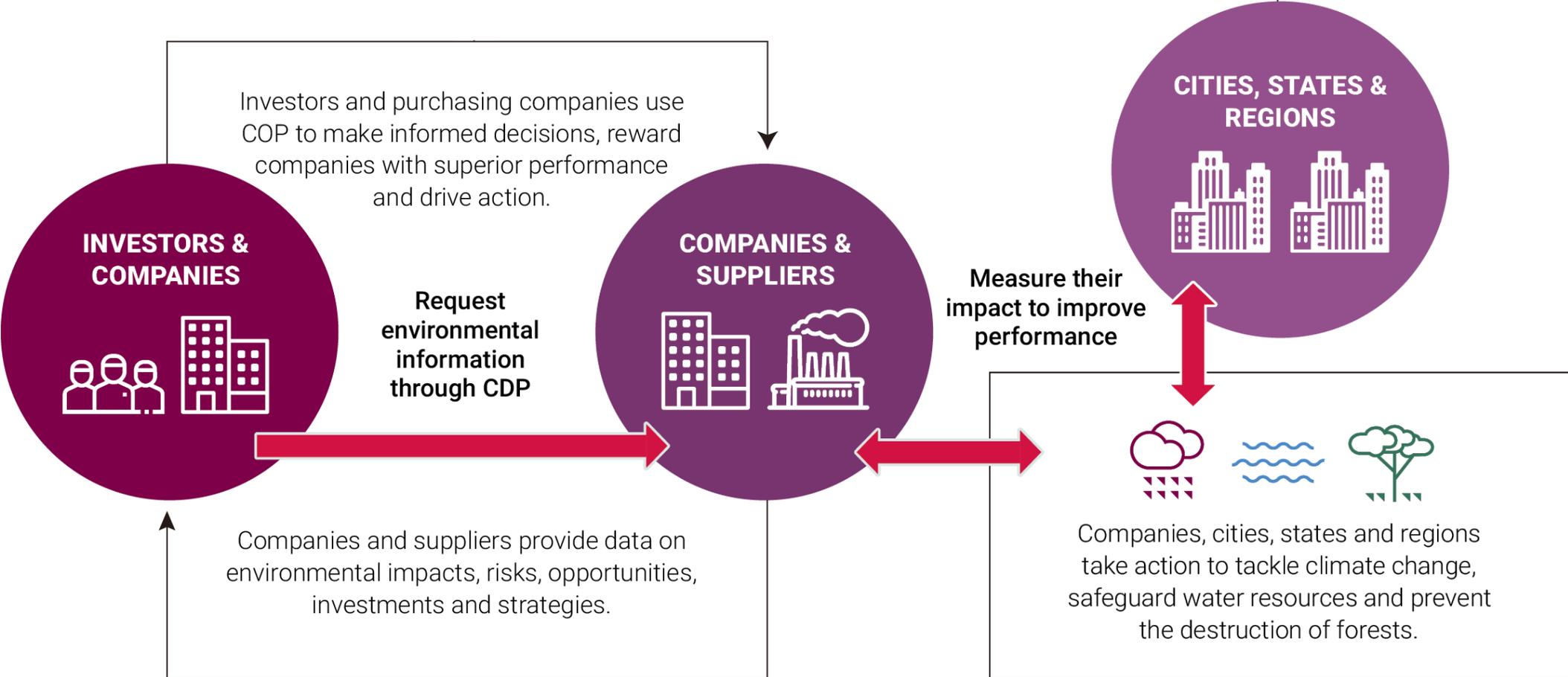


With the world's most comprehensive collection of self-reported data, the global economy looks to CDP as the gold standard of environmental reporting.



Its network of investors, purchasers and policymakers around the globe, use our data and insights to make better-informed decisions.

HOW WE WORK?



Why Forests?



Contents



Part 1. Orientation

- ▼ What do forests contribute?
- ▼ What's the problem?
- ▼ Forest risk commodities
- ▼ How does this affect me?
- ▼ What is the role of finance?
- ▼ How does disclosure benefit me?

Part 2. Disclosure Fundamentals

- ▼ Company journey
- ▼ Scored commodities
- ▼ Modules
- ▼ Key performance indicators

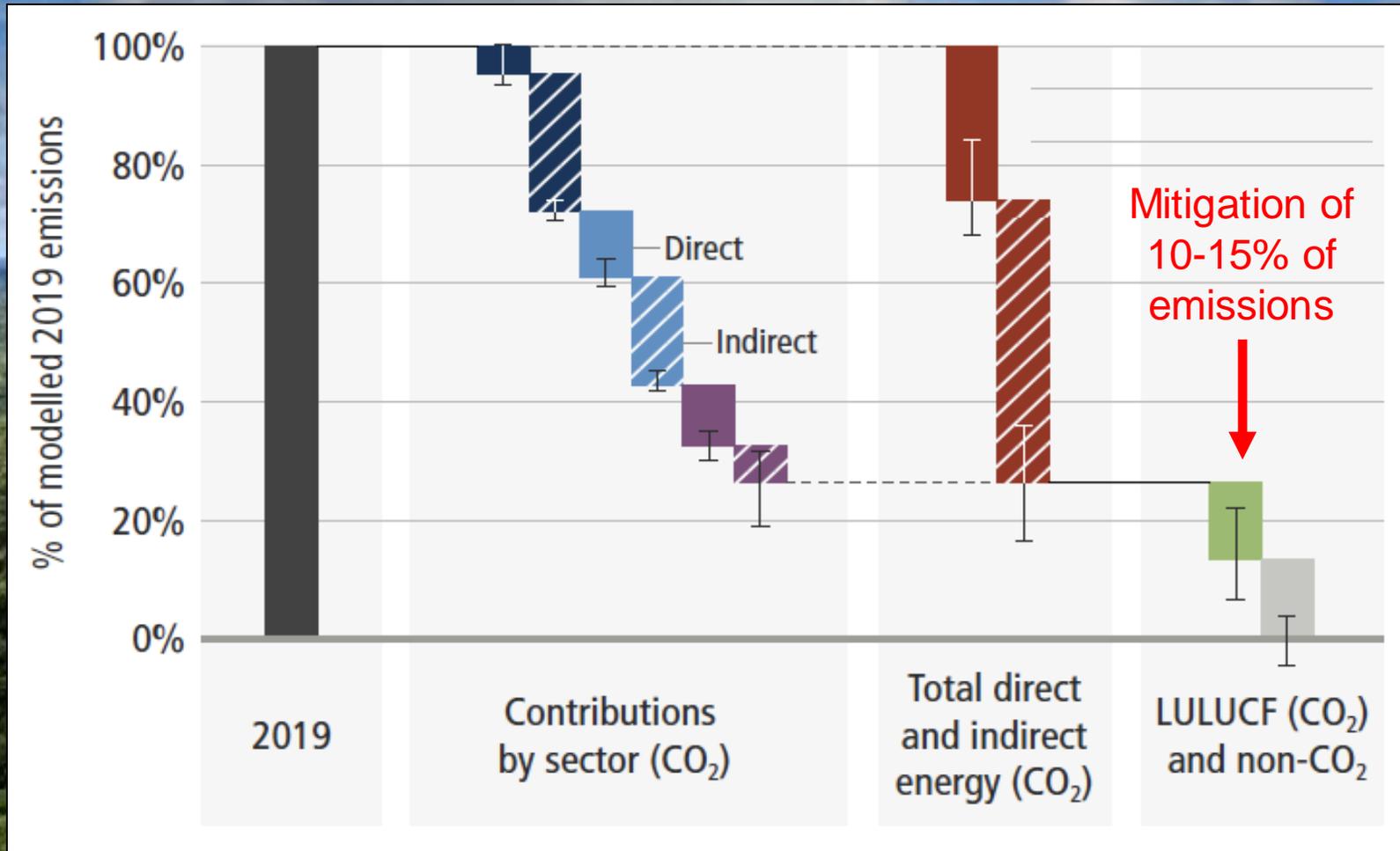
What do forests contribute?

Climate regulation

- Shape temperature and precipitation
- Contain half the global carbon stock
- Mitigate 15% of GHG emissions

What do forests contribute?

Climate regulation



*There is
no Net-Zero
without
Nature*

What do forests contribute?

Water security

- 75% of world's freshwater
- 90% of world's cities are directly dependent

What do forests contribute?

Biodiversity

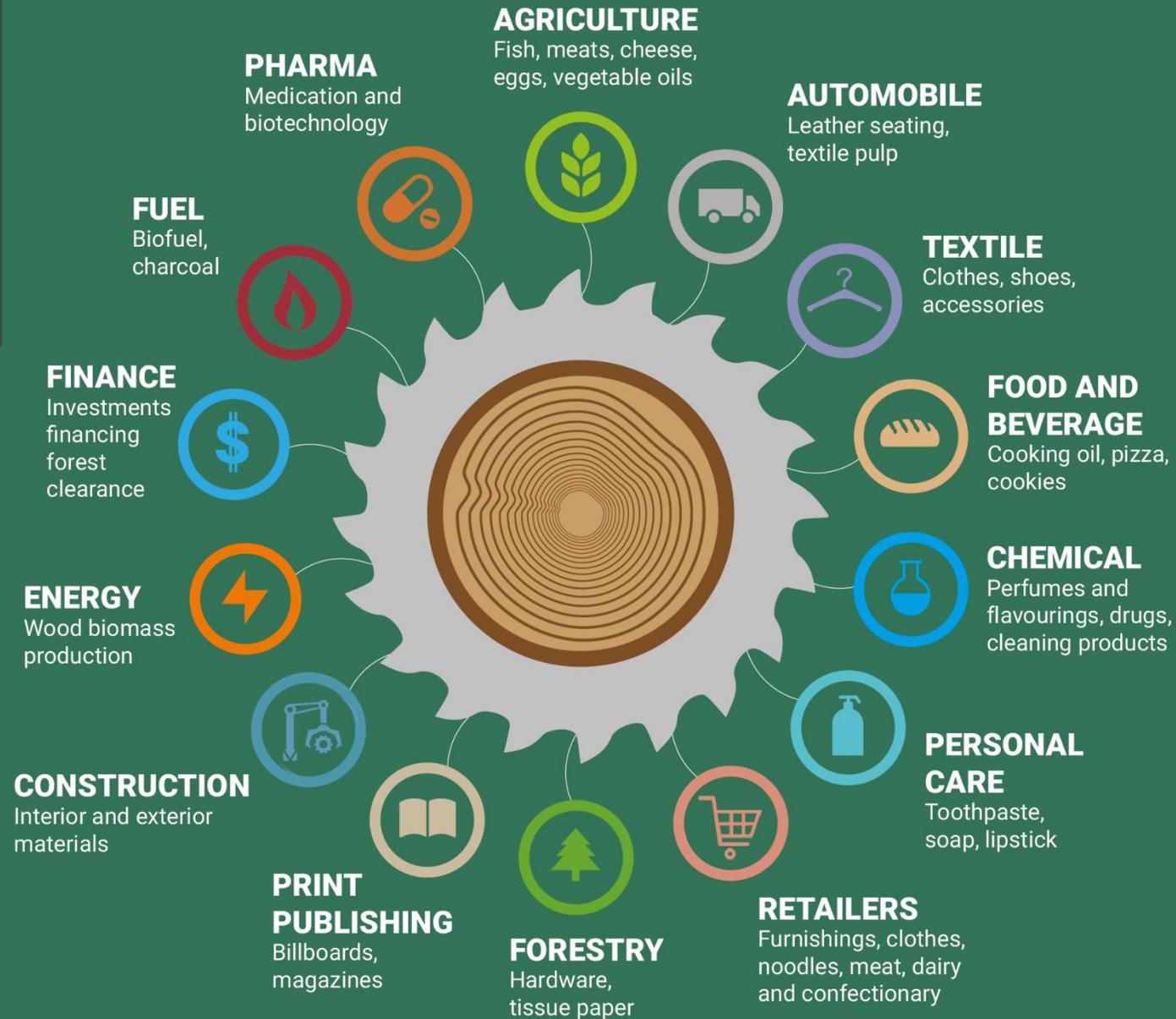


- 80% of terrestrial plants & animals
- Resilience and adaptation
- *Nature is the basis of half the world's GDP*

Credit: Great hornbill, Angad Achappa Photography

What do forests contribute?

Industry



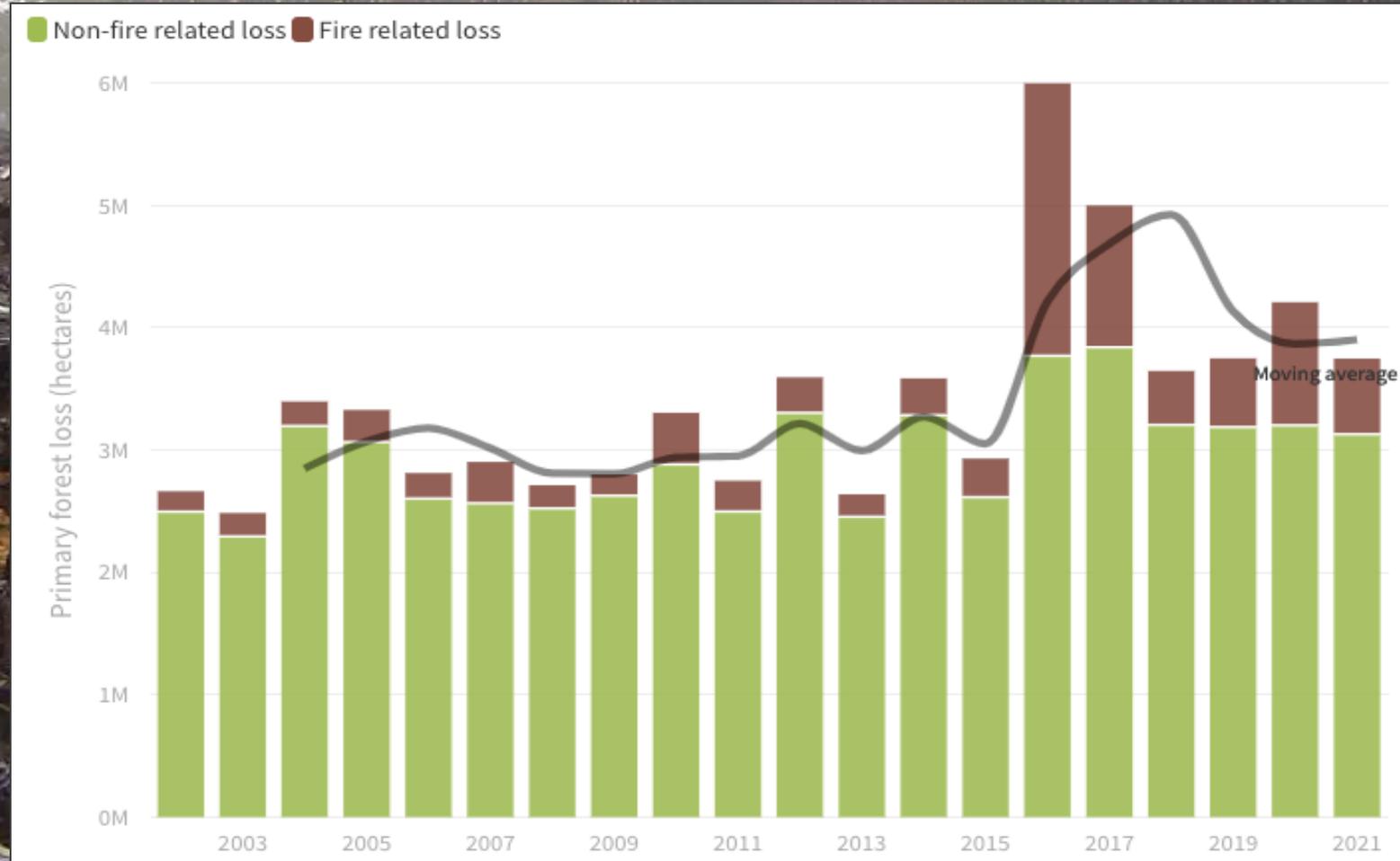
What's the problem?

Deforestation

11% of global tree cover lost since 2000

What's the problem?

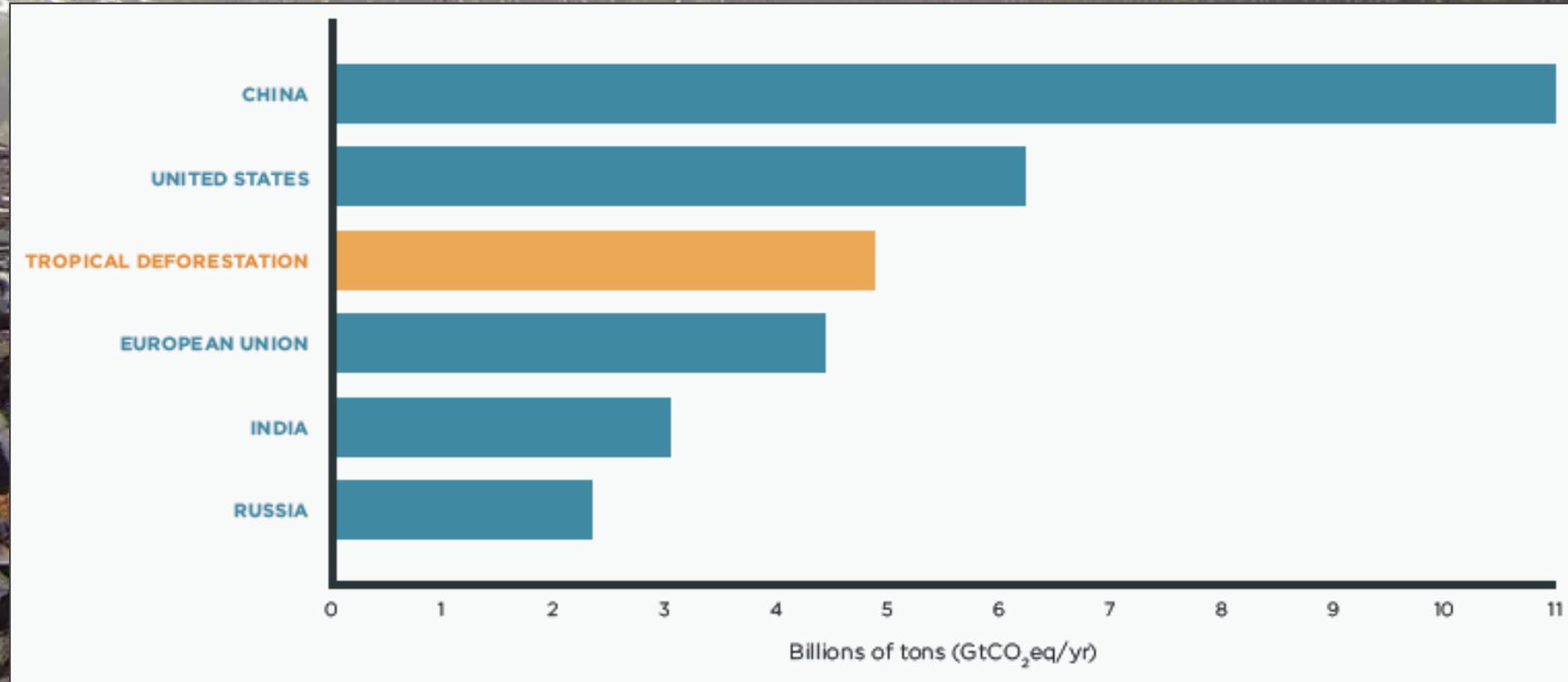
Global deforestation, 2002-21



The annual loss continues

What's the problem?

Equivalent annual emissions



11% of global GHG emissions – greater than all 27 EU states combined

What's the problem?

Unsustainable agriculture drives nearly all tropical deforestation

What's the problem?

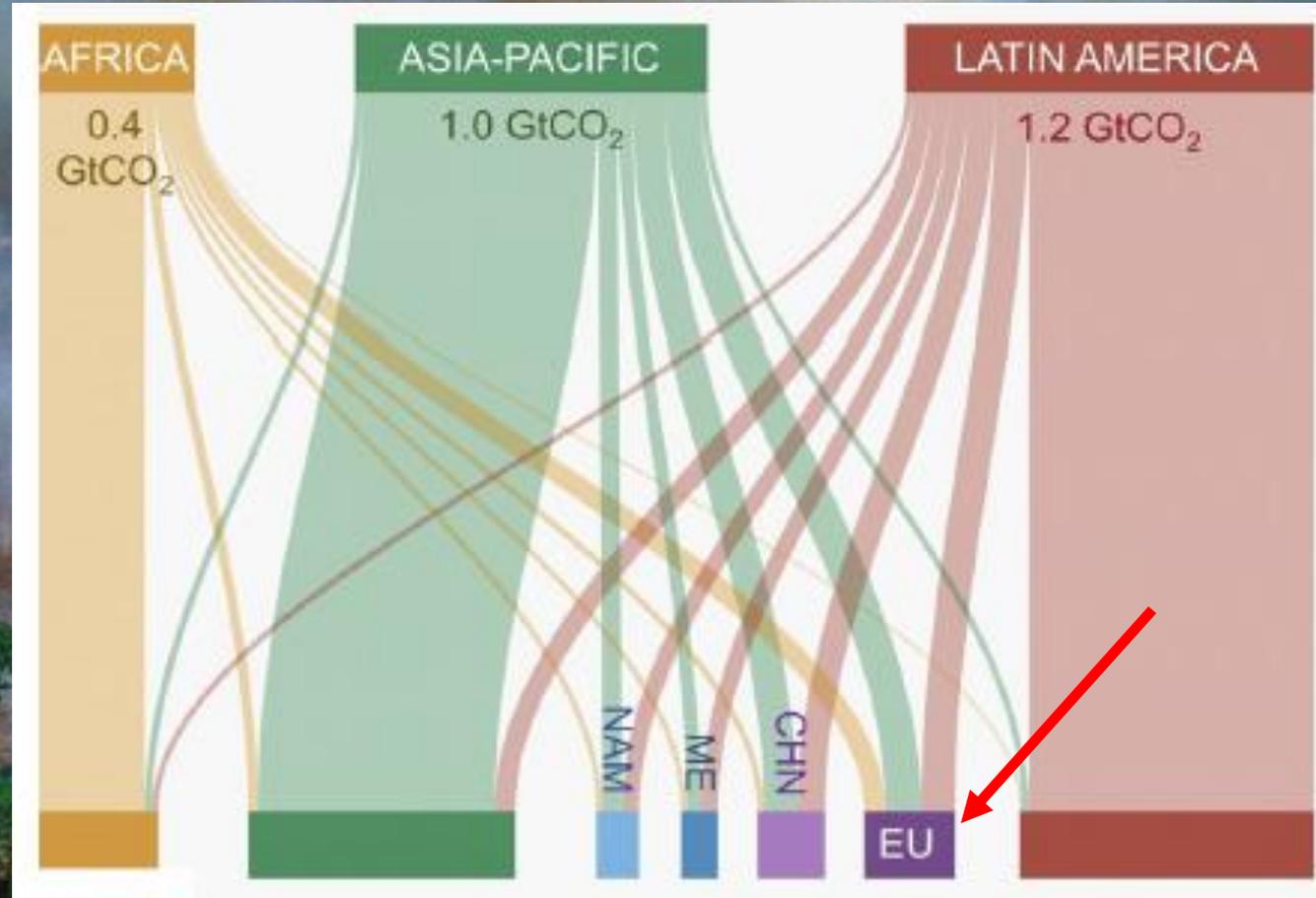
Europe's trade footprint

- Consumes 15% of forest risk commodities
- Equivalent to 20% of annual global deforestation



What's the problem?

Europe's embedded emissions

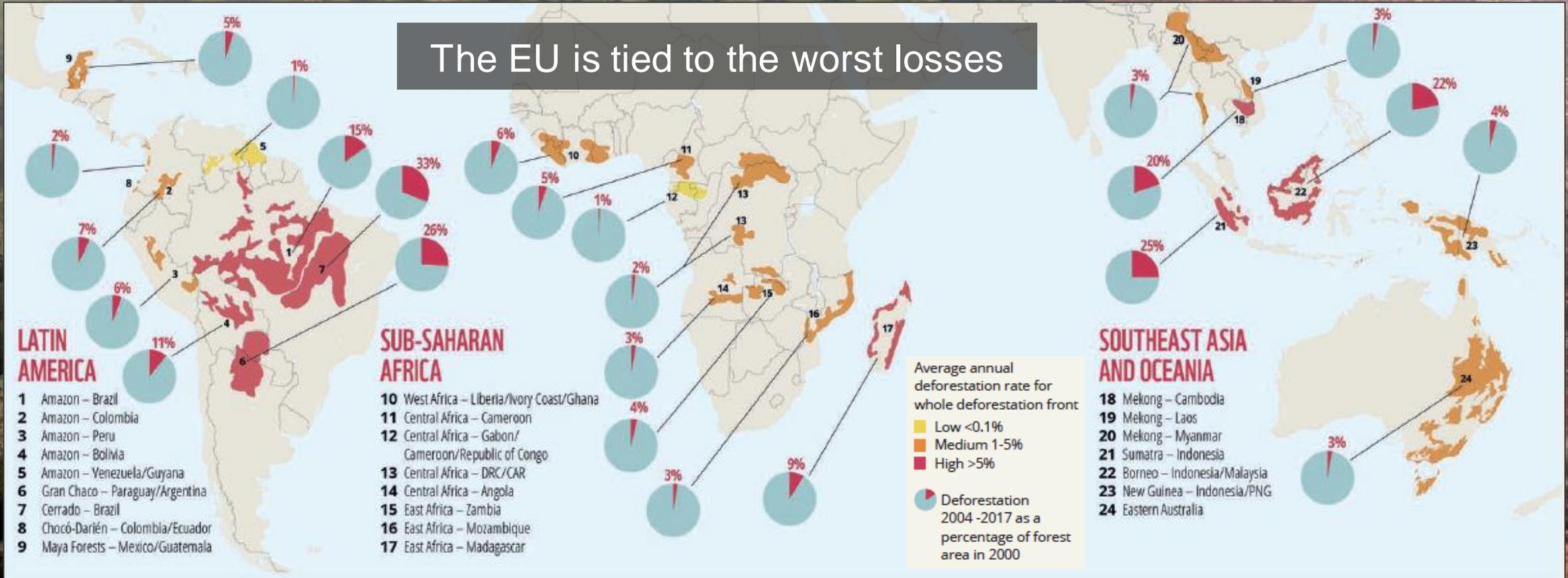


Only China is close – not even the United States

What's the problem?

Deforestation fronts

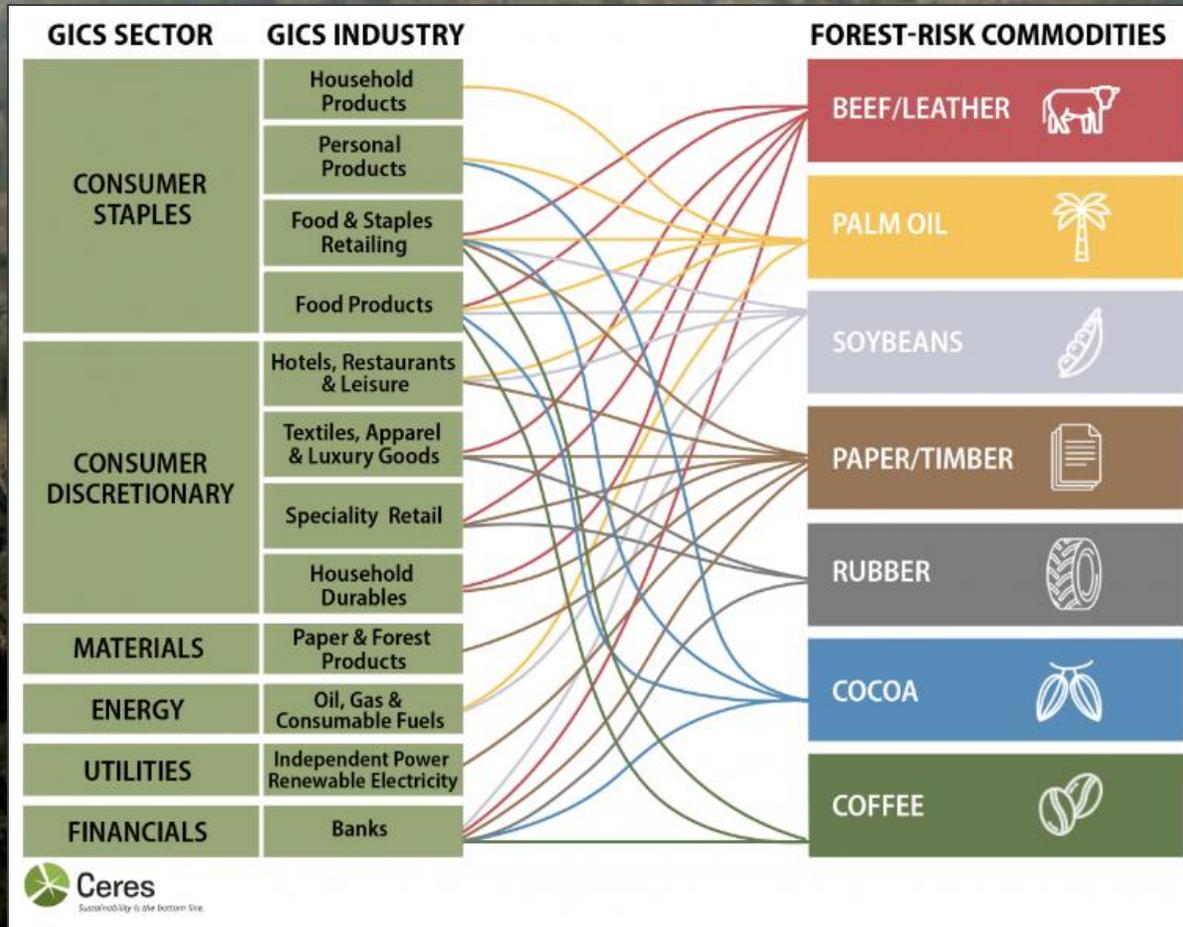
The EU is tied to the worst losses



What are the commodities?

What are the commodities?

Limited awareness of linkages



- Commodities are often “embedded”
- This generates unexpected risks

What are the commodities?

Seven forest risk commodities



Cattle
products



Soy



Palm oil



Timber
products



Rubber



Coffee



Cocoa

What are the commodities?

PALM OIL



- Foods, cosmetics, chemicals, biofuel
- 3rd largest global driver of deforestation
- 34% of Europe's deforestation footprint

What are the commodities?

SOY



- Foods, cooking oils, cosmetics, biofuel
- 2nd largest global driver of deforestation
- 33% of Europe's deforestation footprint

What are the commodities?

TIMBER

- Paper, packaging, construction, textiles
- 15-25% likely illegal
- 10% of Europe's deforestation footprint

Photo credit: Juliana Ennes, Mongabay, courtesy Federal Police of Amazonas State, Brazil, <https://news.mongabay.com/2021/09/illegal-logging-reaches-amazons-untouched-core-terrifying-research-shows/>

What are the commodities?

COCOA



- Chocolate, confections, and beverages
- Europe is largest importer & processor
- 8% of Europe's deforestation footprint

What are the commodities?

COFFEE



- Global beverage of choice
- Europe imports about half of all exports
- 7% of Europe's deforestation footprint

What are the commodities?

CATTLE

- Leather for shoes, bags, and clothing
- Collagen for health & beauty products
- Largest global driver of deforestation
- 5% of Europe's deforestation footprint

What are the commodities?

RUBBER



- Tires, medical supplies, footwear
- Europe consumes $\frac{1}{4}$ of global supply
- 3% of Europe's deforestation footprint

How does this affect me?



How does this affect me?

1. Direct Operations

- lower yields
- extreme weather damage & disruption
- loss of requisite ecosystem services
- shifting production sites
- stranded assets

How does this affect me?

1. Direct Operations

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- extreme weather damage & disruption
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- stranded assets

2. Commodity Markets

- price volatility
- higher prices
- lack of certified supplies

How does this affect me?

3. Reputation

- reduced consumer demand

How does this affect me?

- 73% of Europeans want to stop biodiversity loss
- 76% want stronger forest protection
- 49% hold manufacturers responsible
- Deforestation is “the new coal”

WWF Eat4Change survey
International research
Deforestation report



How does this affect me?

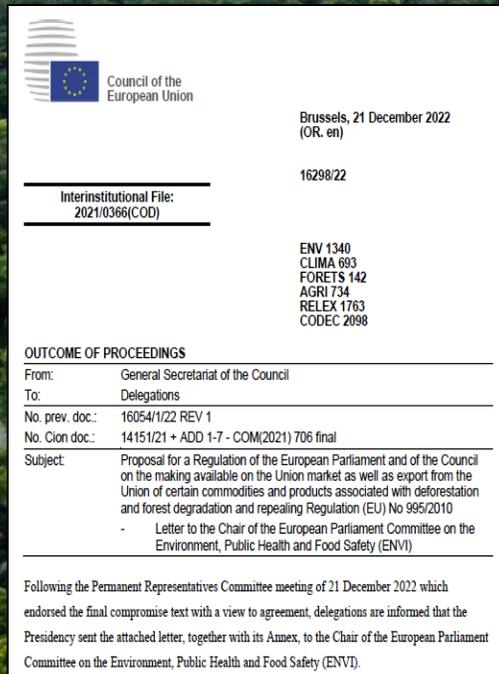
3. Reputation

- reduced consumer demand

4. Policy & Regulation

- fees and taxes
- fines
- liability
- market exclusion

How does this affect me?



 Council of the European Union

Brussels, 21 December 2022
(OR. en)

16298/22

Interinstitutional File:
2021/0366(COD)

ENV 1340
CLIMA 693
FORETS 142
AGRI 734
RELEX 1763
CODEC 2088

OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council
To: Delegations
No. prev. doc.: 16054/1/22 REV 1
No. Cion doc.: 14151/21 + ADD 1-7 - COM(2021) 706 final

Subject: Proposal for a Regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010
- Letter to the Chair of the European Parliament Committee on the Environment, Public Health and Food Safety (ENVI)

Following the Permanent Representatives Committee meeting of 21 December 2022 which endorsed the final compromise text with a view to agreement, delegations are informed that the Presidency sent the attached letter, together with its Annex, to the Chair of the European Parliament Committee on the Environment, Public Health and Food Safety (ENVI).

EU Deforestation Regulation

- due diligence throughout supply chains
- seven forest risk commodities
- final legislation expected Q2 of 2023
- 18 month “implementation period”
- small & medium enterprises 6 extra months

How does this affect me?

5. Financial Markets

- lost contracts
- lost credit
- lost investments

6. Litigation

7. Business model

8. System collapse

How does this affect me?

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How does this affect me?

Summary of risks

1. Direct Operations (yields, disruptions, strandings)
2. Commodity Markets (volatility, price, scarcity)
3. Reputation (demand drop, boycott)
4. Policy & Regulation (fines, exclusion)
5. Financial Markets (contracts, credit, investments)
6. Litigation (settlement, litigation)
7. Business Model (failure to compete)
8. System Collapse (trade, commerce, finance)

How does this affect me?

Risk-to-response ratio

€67 billion at risk

yet

only €6 billion (9%) to proactively avert

What is the role of finance?



What is the role of finance?

Recognition of impacts



FOREST
500



Global Canopy



2023: A watershed year for action on deforestation

Annual Report 2023

A PROJECT OF  Global Canopy

- 150 major financial institutions invested €5.7 trillion in high risk supply chains
- 92 lacked any deforestation policy

What is the role of finance?

Deforestation commitments

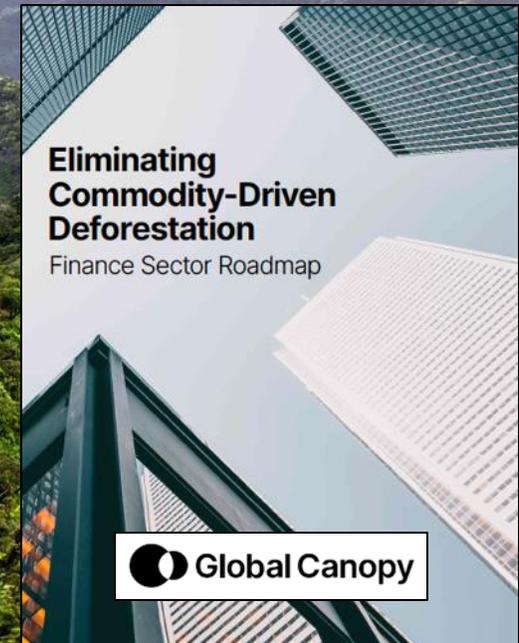
**TACKLING
DEFORESTATION +
SCALING NATURE-
BASED SOLUTIONS**



Finance Sector Deforestation Action

- 35 FIs and €6.7 trillion in assets
- By 2025 eliminate deforestation to reach net zero

- €140 trillion in assets
- Guidance for FI transition plans



What is the role of finance?

Frameworks and data use



- Portfolio screening
- Investment fund creation
- Lending evaluation
- Stress testing
- Index construction
- Internal & external ratings
- Performance indicators
- Modelling

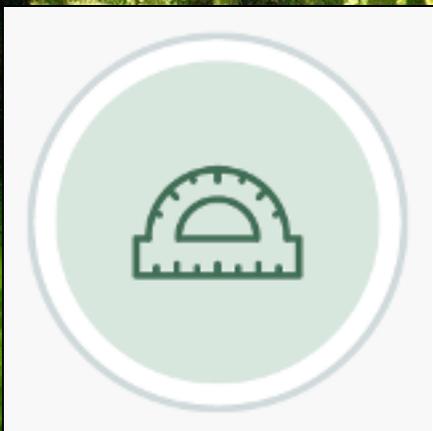


How does disclosure benefit me?

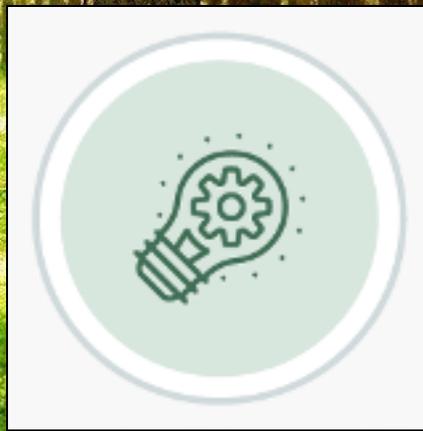


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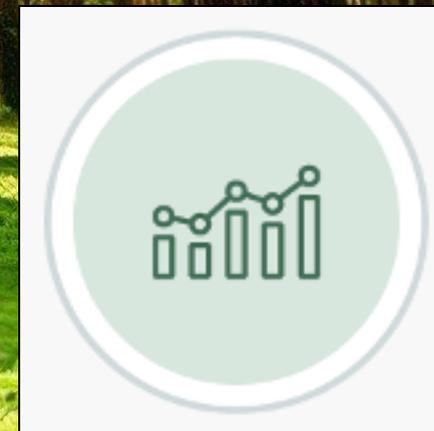
1. Better manage and mitigate risks



Rigorously Assess



Better Manage



Outcompete

How does disclosure benefit me?

2. Maintain access to the EU market

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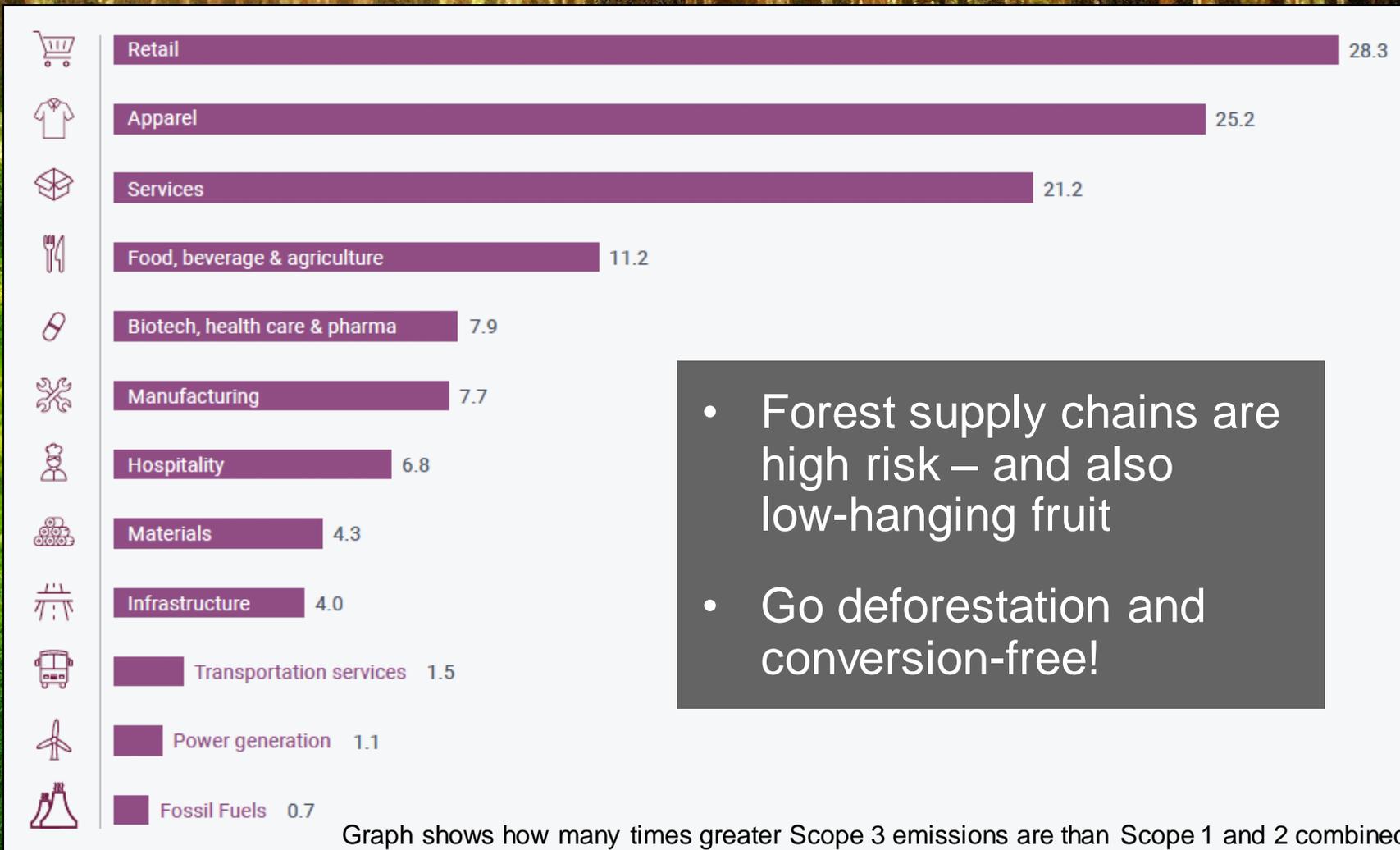
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EU Deforestation Regulation – no deforestation anywhere in supply chain

How does disclosure benefit me?

3. Reduce Scope 3 emissions

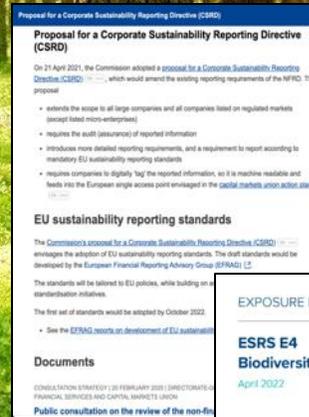


- Forest supply chains are high risk – and also low-hanging fruit
- Go deforestation and conversion-free!

Graph shows how many times greater Scope 3 emissions are than Scope 1 and 2 combined

Why disclose on Forests?

4. Anticipate biodiversity disclosure



CSRD



ESRS E4

Protecting Forests
is
Protecting Nature

How does disclosure benefit me?

€60 billion in opportunities

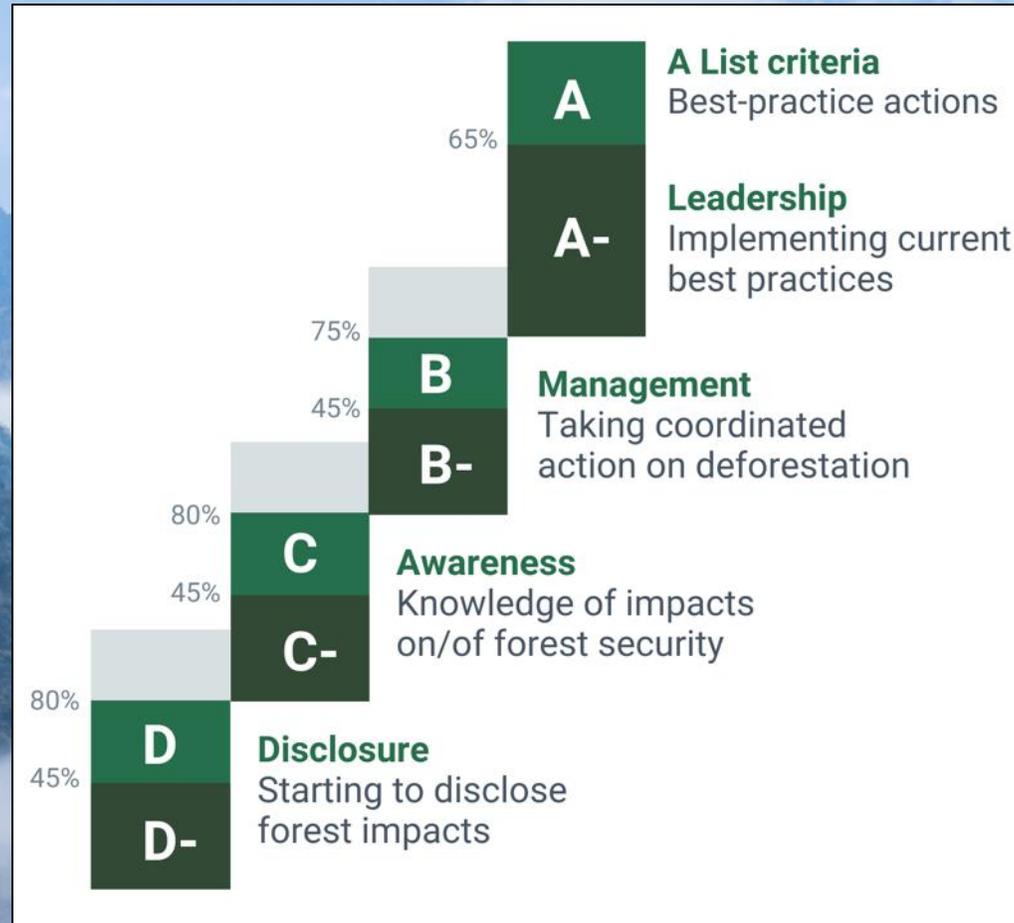
- operational improvements
- supply chain resilience
- brand value
- expanded access to markets and capital

How do I disclose?

Producers,
processors, traders,
manufacturers,
retailers – all can
benefit

How do I disclose?

The company journey



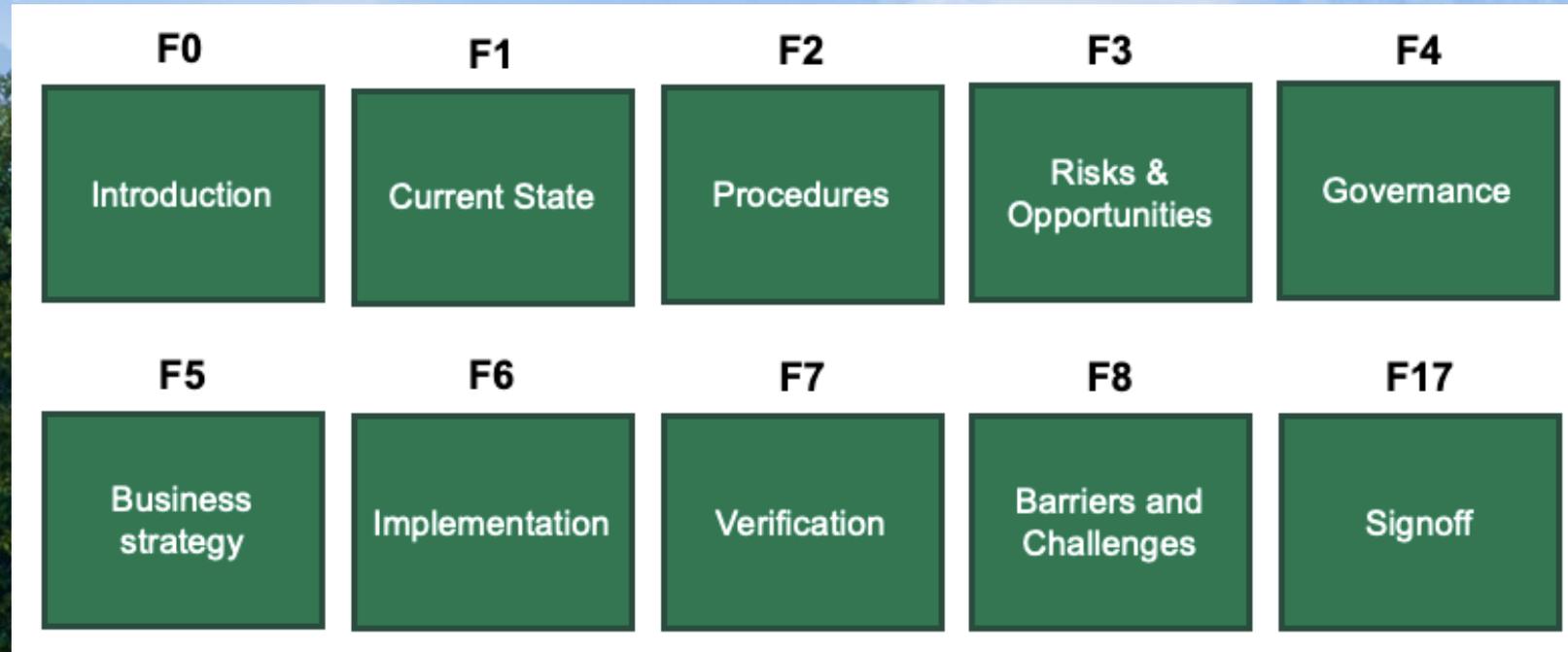
How do I disclose?

Scored and unscored commodities

| | | | | | | |
|--|--|--|--|---|---|--|
|  Cattle products |  Soy |  Palm oil |  Timber products |  Rubber |  Coffee |  Cocoa |
|--|--|--|--|---|---|--|

How do I disclose?

Modules



Certified “deforestation and conversion-free” and other best practices

How do I disclose?

Modules

F0

Introduction

F9-F16

Metals &
Mining and
Coal Sectors

F17

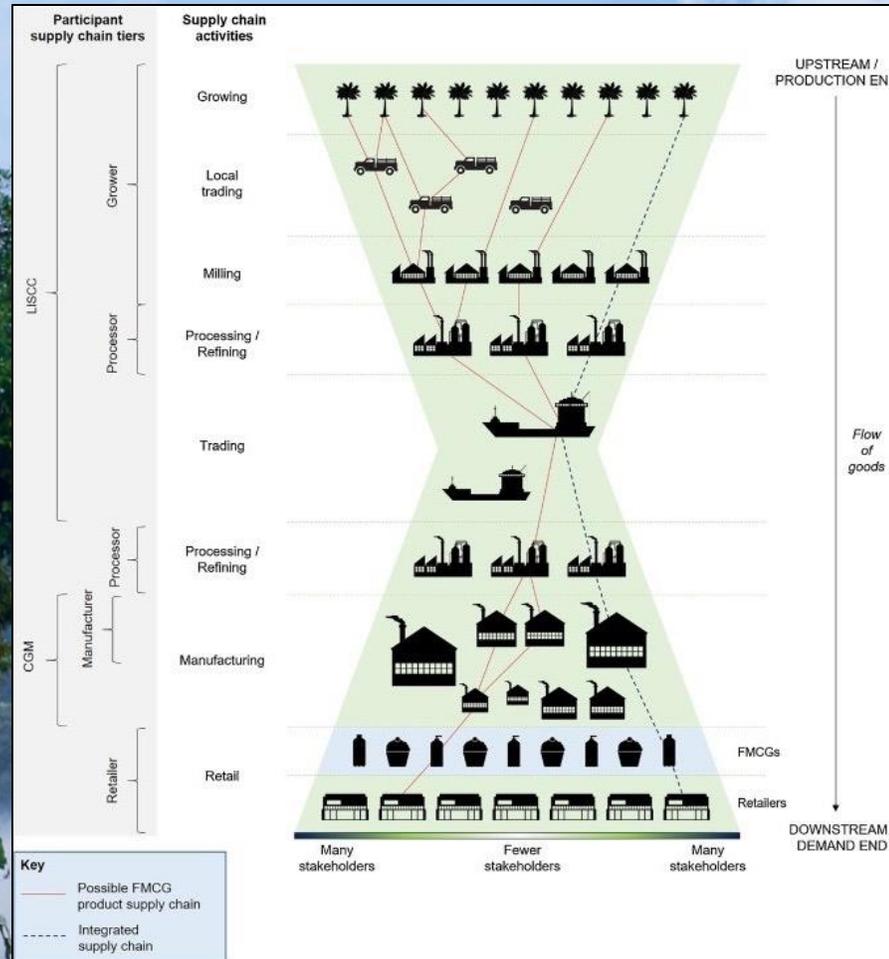
Signoff

SF

Supply Chain

How do I disclose?

Traceability



Methods

1. Operational management
2. Intermediate supplier management
3. Certification systems
4. Landscape & jurisdictional approaches

How do I disclose?

Certification



More or less mature systems depending on the commodity

How do I disclose?

Landscape and jurisdictional approaches

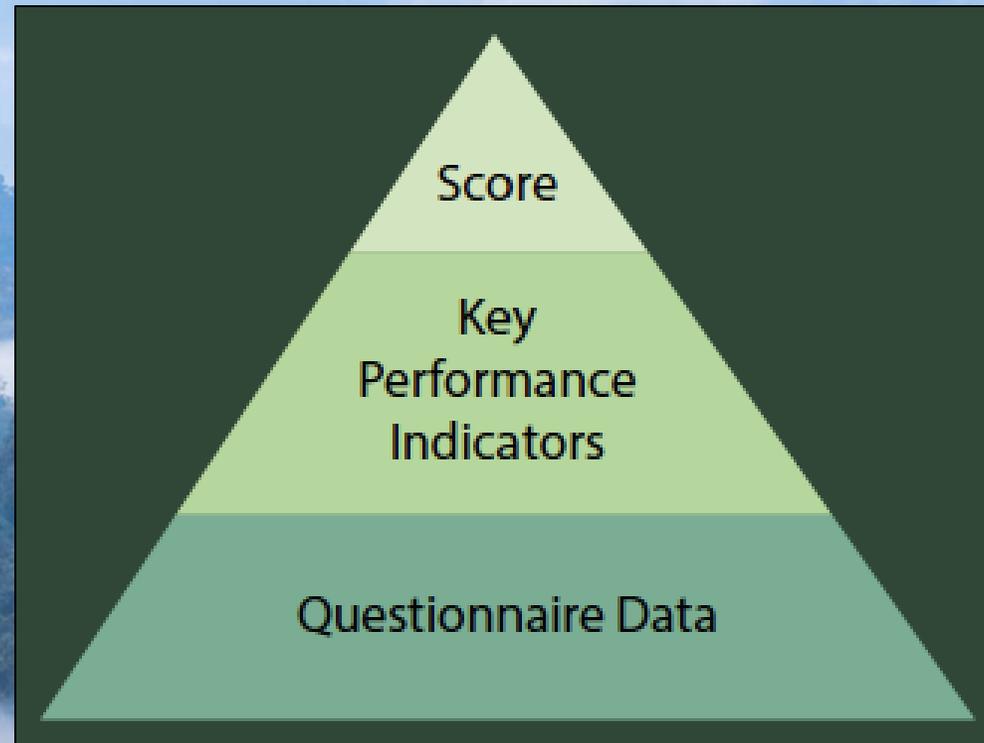


- Complements individual engagement
- Creates efficiency
- Scales up improvements

How do I disclose?

Key Performance Indicators

- Middle-level detail
- Rapidly diagnose a large pool of suppliers



How do I disclose?

Key Performance Indicators



How do I disclose?

Key Performance Indicators



Measuring & targets



6

Certification

can trace over 90% of their production/ consumption volume of a commodity back to at least municipality level or equivalent.

7

Traceability

has achieved or is making linear progress towards targets to source 100% no-deforestation certified commodities or trace 100% of supply back to at least municipality or equivalent level.

8

Targets

has at least 90% of its total production/ consumption volume of a commodity certified in a no-deforestation compliant certification.

9

Compliance

has a system to control, monitor and verify compliance with no-deforestation policies/ commitments. This covers all relevant operations with over 90% of total volume in compliance.

10

Legal compliance

assesses their own company or supplier to ensure they comply with forest regulations and/or mandatory standards if sourcing commodities from regions with high forest-related risk.



How do I disclose?

Key Performance Indicators



Value chain engagement

11

Smallholders

works with smallholders to support good agricultural practices and reduce deforestation/conversion of natural ecosystems through providing financial or technical assistance.



12

Direct suppliers

supports and improves supplier capacity to comply with forest-related policies, commitments and other requirements through financial and technical assistance.



13

Beyond first-tier suppliers

works beyond first-tier suppliers to manage and mitigate deforestation risks through supply chain mapping or capacity building.



14

Forest-related external activities or initiatives

participates in jurisdictional approaches to promote the implementation of forest-related policies and commitments.



How do I disclose?

Key Performance Indicators



Ecosystem restoration & protection



15

Beyond no deforestation

supports or implements ecosystem restoration and protection projects with timely monitoring and measured outcomes.



- Stop biodiversity loss
- Ever dollar invested returns \$30 in benefits
- Be nature positive!

Borregaard & CDP



Forest Raw Materials – the basis of our existence

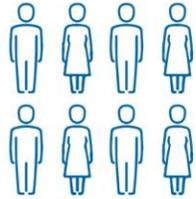
Sustainability is a key element in Borregaard's business model and one of the Group's three core values

[Videos - Borregaard](#)

BORREGAARD'S CORE VALUES



EMPLOYEES



1100

PRODUCTION

Biopolymers
Speciality cellulose
Bioethanol
Biovanillin
Cellulose fibrils
Fine chemicals

800
PRODUCTS



RAW MATERIAL

1 MILLION



m³ Norway Spruce
375.000 tonnes lignin raw material



BORREGAARD IN THE WORLD

Business in
13
countries

Sales to
100
countries

Sales outside Norway
95
percent



FINANCIAL FIGURES

Turnover
6.9
billion NOK

Result EBITDA
1.6
billion NOK

Investment
465
million NOK

Sustainability – integral part of market offering

RAW MATERIALS



Natural, renewable, sustainable raw materials

Sustainable and certified wood

- Documentation
- PEFC and FSC standards
- Lignin raw materials from certified or controlled forests
- Non-GMO raw material

PROCESSES



Efficient and sustainable production and value chain

Reduced emissions improve LCA

- Target based CO₂ reductions
 - Energy conservations
 - New/green energy sources
- Reduced emissions to water and air
- “Greener” logistical solutions

PRODUCTS



Sustainable biochemicals

Products add sustainability value to customers

- **Climate:** LCA shows favourable GHG footprint
- **Bio-based:** Natural raw materials preferred
- **EHS:** Non-toxic, harmless products

Climate change and the environment – targets and ratings



Science Based Targets for GHG emissions

- Approved by Science Based Targets initiative in 2022
- Targeted reductions in GHG emissions (scope 1 and 2):
 - 42% absolute reduction by 2030 (base year = 2020)
 - Net-zero target, 90% absolute reduction by 2050
- Targets in line with 1.5°C goal in Paris Agreement and Norwegian Climate Law

Highlighted as a global leader in corporate climate action by CDP

- Top 20 out of almost 15,000 companies scored
 - A within Climate Change (5 years in a row)
 - A within Forests
 - A- within Water security

Platinum status in EcoVadis Supply Chain

- Top 1% of 90,000 reporting companies



As a **double A List** company, we are leaders in corporate transparency and action on climate change and deforestation.



Benefits from disclosing

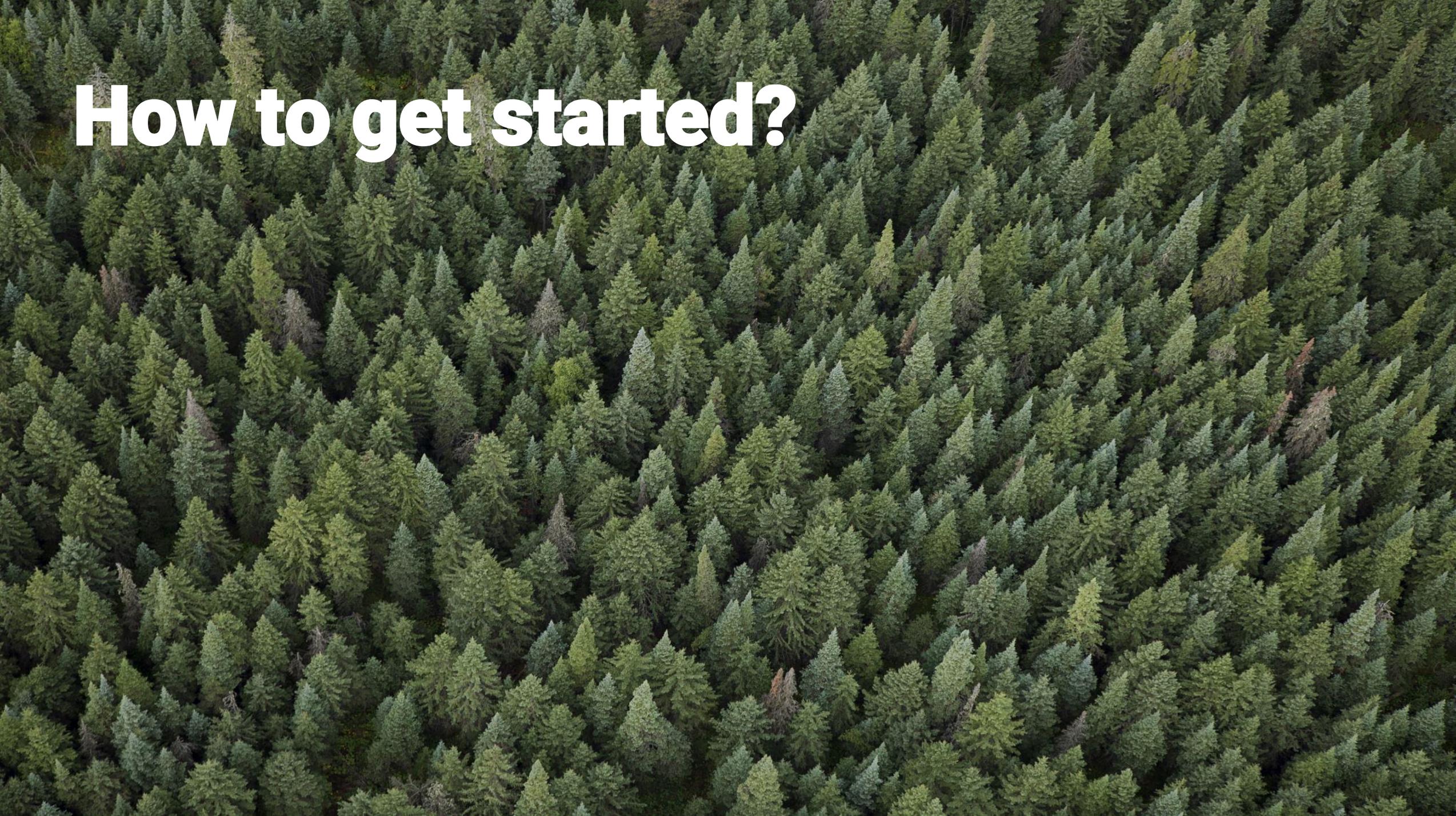
Risks and
opportunities

Facts and figures

Being ahead

Investors and
potential
investors

How to get started?



HOW ARE COMPANIES SELECTED?

Factors that guide company selection

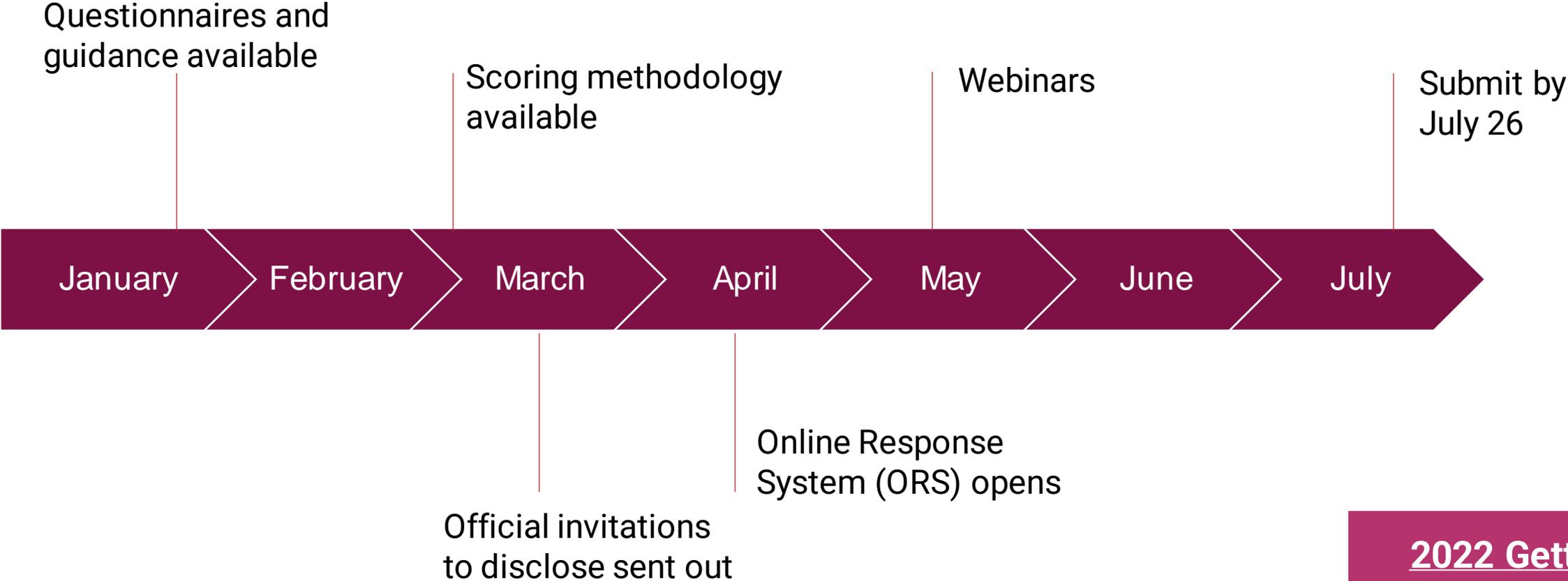
Climate

- ▼ The most relevant companies in which investors can invest in, based on market capitalization
- ▼ Companies with the highest environmental impact (based on emissions) globally
- ▼ Continuity and comparability of company data year-on-year

Water/Forests

- ▼ Impact assessment: Does any aspect of the value chain associated with the given industrial activity have the potential to detrimentally impact upon and/or be impacted by water security/deforestation?
- ▼ Impact rating: How significant are the potential impacts associated with the industrial activity?
- ▼ Revenue threshold: How much company revenue is associated with this industrial activity?

2023 DISCLOSURE TIMELINE



2022 Getting started with your disclosure webinar

THE DISCLOSURE PLATFORM



1. RESPONSE DASHBOARD

- ▼ See your **investor/customer(s) requests**
- ▼ “Get started” (**activate your questionnaires**)
- ▼ Become/set a **Main User**
- ▼ Add/change **Other Users’ roles**
- ▼ View **Previous Scores & Responses**
- ▼ My Files: Access **Score Reports**
- ▼ Access **Guidance Tool**

2. ONLINE RESPONSE SYSTEM (ORS)

- ▼ **Accessing and working** on your questionnaire(s)
- ▼ Export to Excel/Word
- ▼ View **Terms for responding** to CDP
- ▼ **Submit** your questionnaire(s)

THE RESPONSE DASHBOARD



[Help Center](#) [Guidance & questionnaires](#) [Contact](#) [Language](#) [Location](#) [Account menu](#)

[About us](#) [Our work](#) [Why disclose?](#) [Become a member](#) [Data and insights](#)



- My account
- Response dashboard**
- Guidance tool
- Sign out

Still need help?

[Home](#) > Corporate Dashboard

Climate Change

Forests

Water Security

Volunteer >>

Users

Climate Change 2023



Are you intending to complete this questionnaire?

Check organization details

Submission to Investor signatories, Net Zero Asset Managers Initiative, our bank, our customers, RE100 ([All requests](#))

Tell us now!

Due ASAP

Due July 26 2023

Get Started >>

Still need help?
Find answers or contact our support team on our [Help Center](#)

Still having issues? [Visit the CDP Help Center](#)

CDP Respond
respond@cdp.net

SUBMITTING YOUR RESPONSE – Public vs non-public



PUBLIC RESPONSE

- ▼ Response available for the requesting authority (investors or customers)
- ▼ Response **publicly available** on CDP website

NON-PUBLIC RESPONSE

- ▼ Response available for the requesting authority (investors or customers)
- ▼ Response **not available** on CDP website
- ▼ Response is **used as aggregated data only** in CDP reports and studies

BENEFITS OF FIRST TIME RESPONDERS



POSSIBILITY TO HAVE A PRIVATE SCORE FOR THE FIRST YEAR

- Only shared with you, your requesting customers and banks
- No investors or the public would have access to your scores.

Key Resources

An aerial photograph of a vast, dense evergreen forest. The trees are packed closely together, creating a textured, green canopy. The lighting is soft, highlighting the individual shapes of the trees from above. The overall scene is a continuous expanse of green, with some variations in shade and texture across the landscape.

KEY RESOURCES



▼ [Disclosure platform guide](#)

▼ [Guidance for companies](#) →

▼ 2023 Questionnaires

▼ Reporting Guidance 2023

▼ Questionnaire Changes 2022-2023

▼ Scoring Introduction

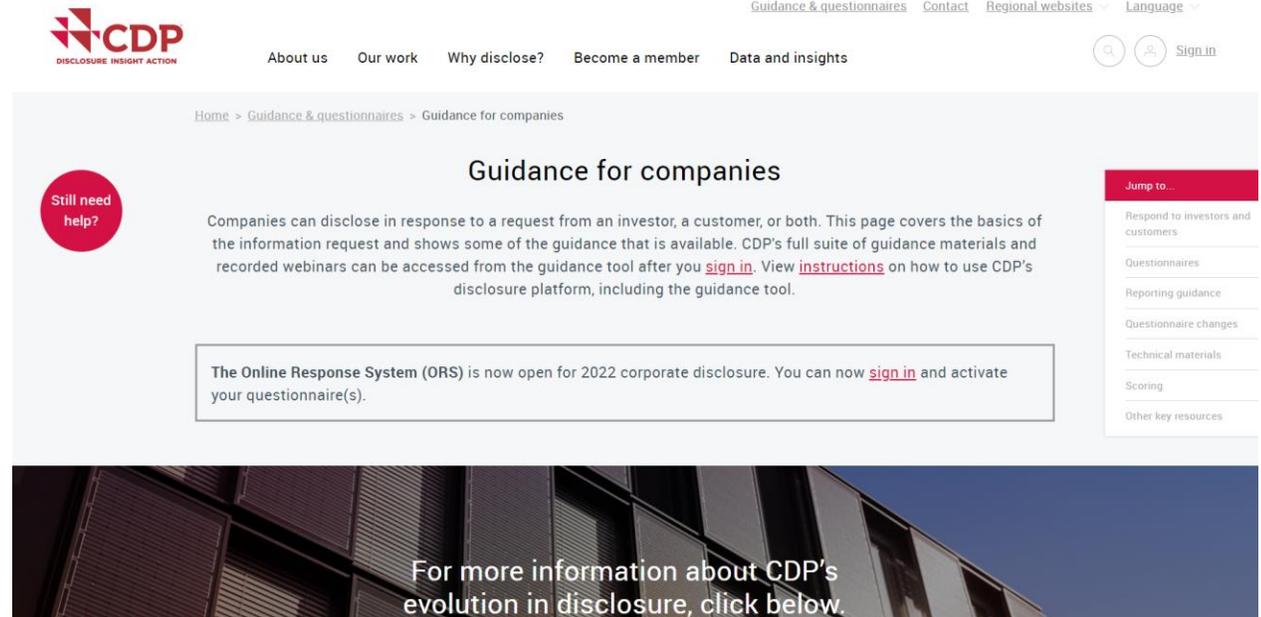
▼ Scoring Methodology 2023

▼ Scoring Methodology Changes 2022-2023

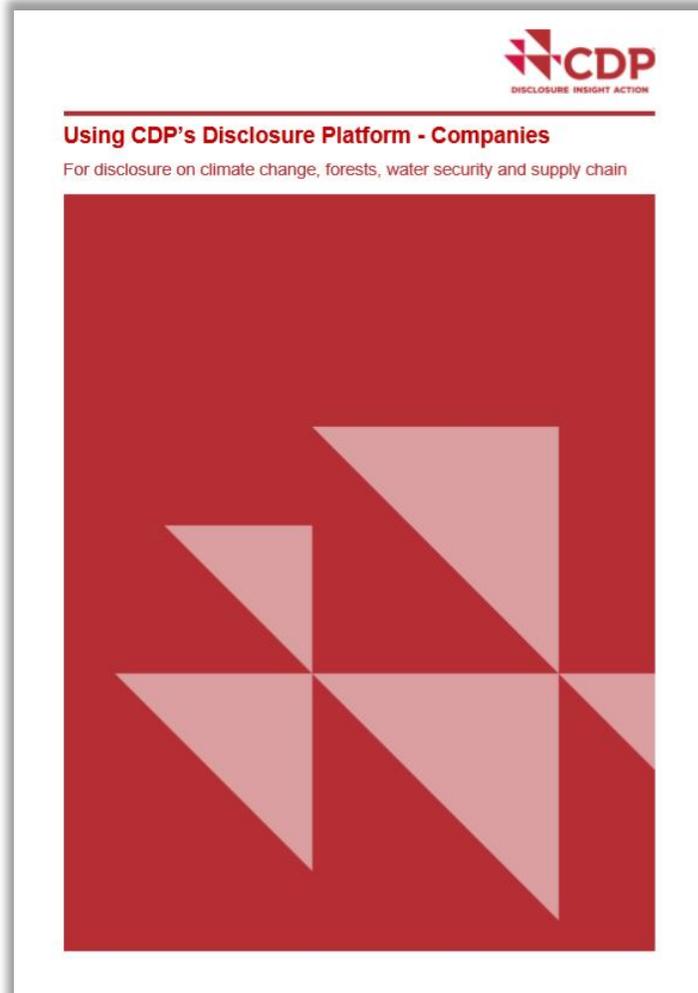
▼ Scoring Categories and Weighting 2023

▼ [FAQ on CDP website](#)

▼ [Recordings & upcoming disclosure webinars](#)



CDP DISCLOSURE PLATFORM GUIDE

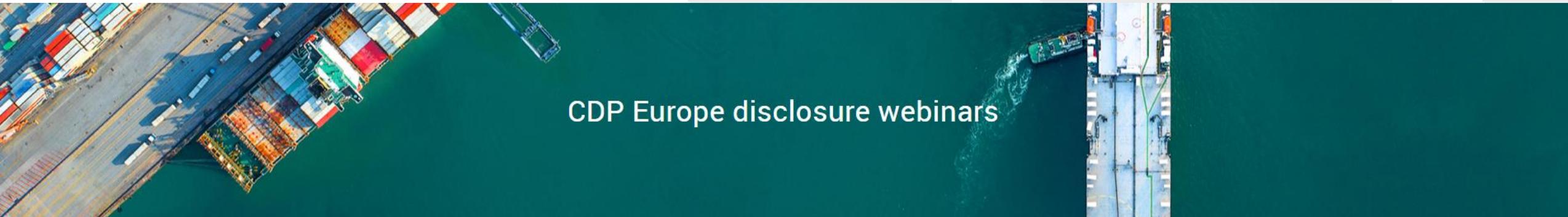


- ▼ Change your password
- ▼ Manage user roles (incl. how to become the Main User)
- ▼ Using the Guidance tool
- ▼ How to activate/access the questionnaire
- ▼ Share your response
- ▼ Export questionnaire to Excel/Word
- ▼ Submitting your response
- ▼ View your submitted response
- ▼ Copy Forward information from previous year

UPCOMING WEBINARS



- ▼ **Getting started with your CDP disclosure** - Wednesday 10 May | 10:00 CET
- ▼ **Benefits of CDP Disclosure** - Tuesday 16 May | 11:00 CET
- ▼ **Introduction to CDP Water Security Disclosure** - Wednesday 17 May | 15:00 CET
- ▼ **Nature & Biodiversity in Corporate and Financial Reporting** - Friday 19 May | 11:00 CET
- ▼ **Navigating EU Sustainability Reporting** - Wednesday 24 May | 11:00 CET



Register now: [Europe Corporate Disclosure Webinars 2023 - CDP](#)

CONTACT PERSONS

- ▼ **Questions about your account or the disclosure process?**
 - ▼ Your account manager will be happy to assist you.
- ▼ **Questions about forests, biodiversity, and nature?**
 - ▼ You can drop Dorian a line at dorian.fougeres@cdp.net



Let us know!



An aerial photograph of a vast, dense evergreen forest. The trees are packed closely together, creating a textured, green canopy. The lighting is natural, highlighting the varying shades of green and the individual shapes of the trees.

Thank you for joining!

Q&A Session