Forests

Supply Chain Standard Support Training

August 2025

CDP

We appreciate any **feedback** on this training session and the resources provided.

Agenda

Why disclose on Forests?

What is the cost of inaction?

Why are supply chains important?

The benefits for suppliers

Forests disclosure journey

Why disclose on forests?

An overview of impacts, dependencies, risks & opportunities and the power of disclosure

Disclosure drives action

Urgent action needed to address the impacts of human activity on forests

75%

of terrestrial ecosystems have been significantly altered [source]

20-40%

of land is degraded [source]

>50%

of global tree cover lost since 1960 [source] and 11% since 2000 [source]

11%

of global GHG emissions are from deforestation and poor forest management [source]

4

It makes economic sense

$150tn
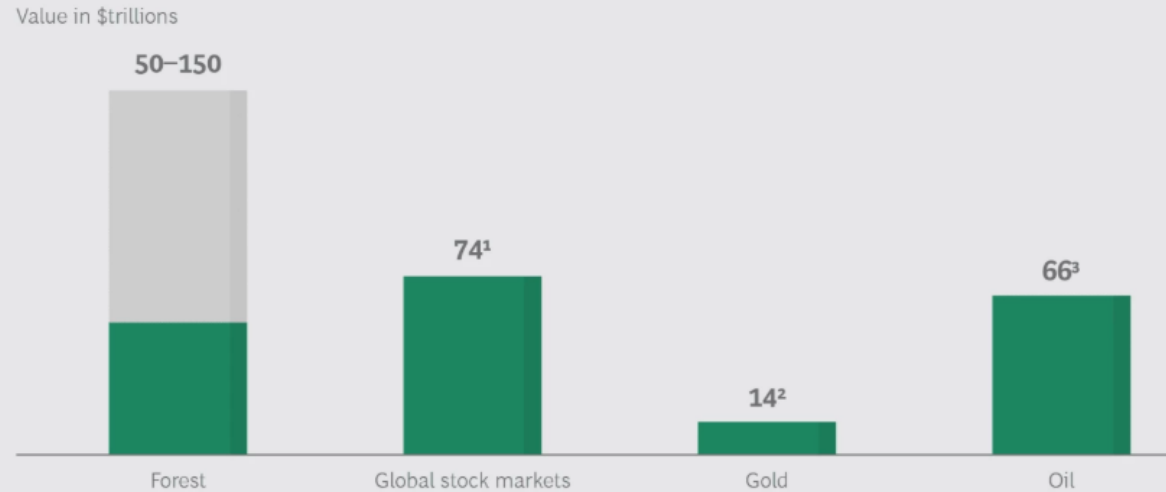Worth of services provided by forests that businesses and financial markets rely on [source]

Figure: The High End of Forest Value is Roughly Double That of Global Stock Markets, BCG, 2020.

$98bn
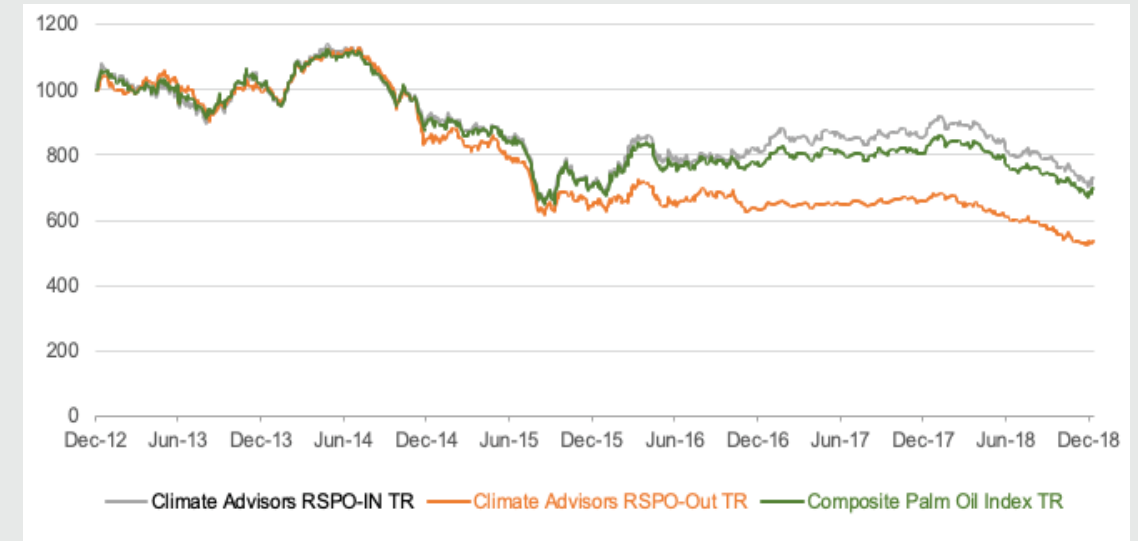in financial risk faced by businesses disclosing through CDP [source]

Figure: Climate Advisers Palm Oil Index Performance. Climate advisers, 2019.

It supports climate and water action

Forests and land permeate our economy and stabilize the climate

75% of the global freshwater supply is dependent on forest ecosystems [source]

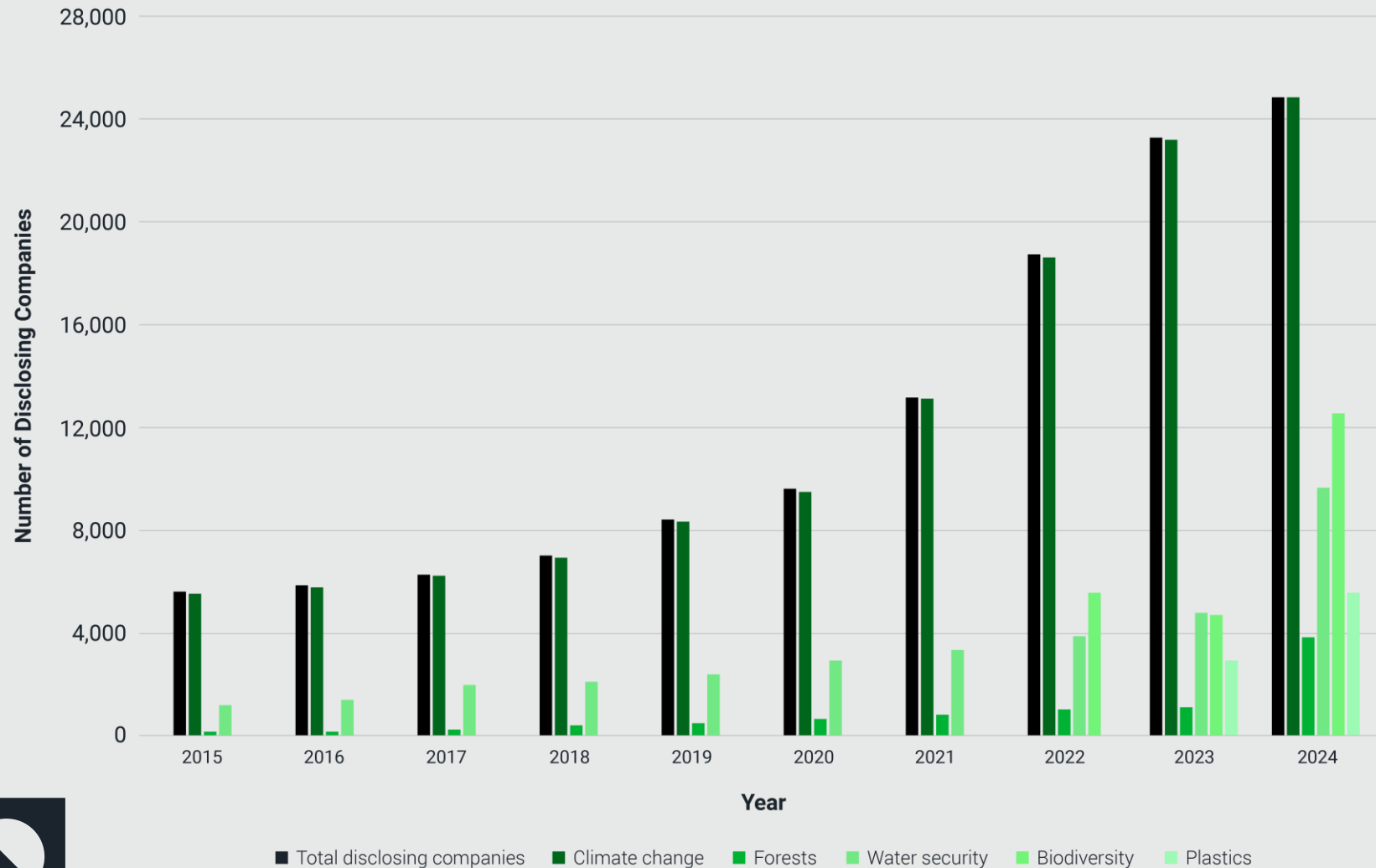**30%** of GHG emissions from industry and fossil fuels absorbed by forests [source]

80% of terrestrial plants and animals depend on forests [source]

Figure: Forest-based adaptation. FAO forestry, 2022.

Nature disclosure growth

3,500+ companies disclosed on climate, forest and water in 2024

316% increase in all environmental issue disclosure since 2023

3851 companies disclosed on forests in 2024

Legend: ■ Total disclosing companies ■ Climate change ■ Forests ■ Water security ■ Biodiversity ■ Plastics

Y-axis: Number of Disclosing Companies (0 to 28,000)
X-axis: Year (2015 to 2024)

Forest disclosure is driving awareness…

47% of forest disclosers responding to CDP for the first time have forest policies or commitments.
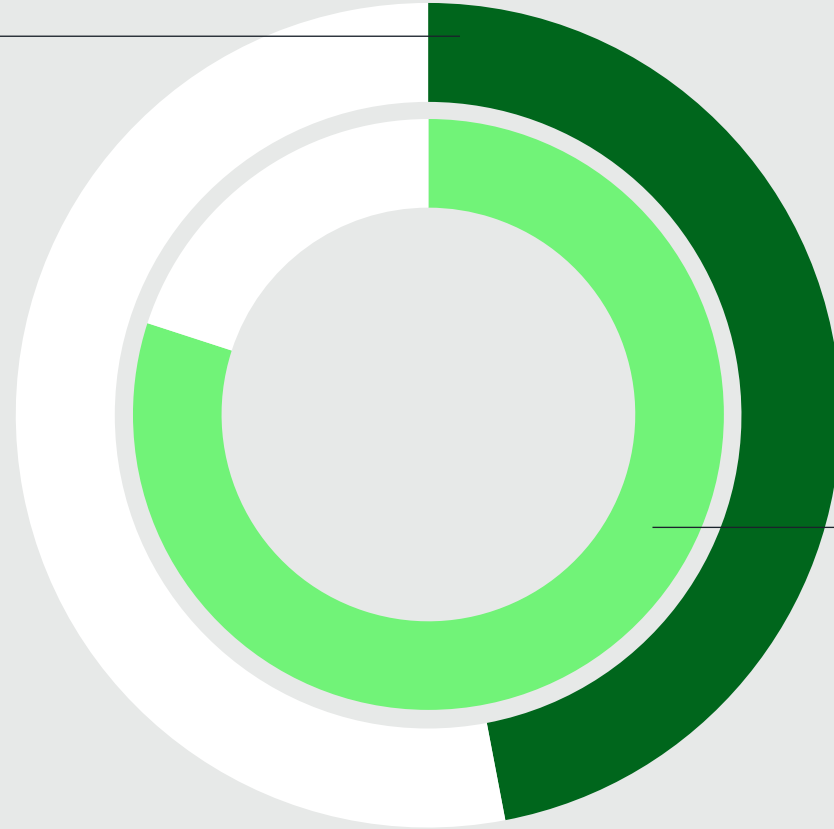
By their third year of disclosure, **80%** of respondents have developed policies and commitments.

…and action

- About half of the 242 companies consistently reporting on deforestation management from 2020 to 2023 now report near-eradication of deforestation for at least one commodity.

- This represents a substantial 40% increase from the number of companies reporting the same in 2020 (90 companies).

- Overall, this still represents only a small group of companies – 35% of all companies disclosing in 2023 claiming to be nearly deforestation-free for at least one commodity (189 companies).

Companies reporting nearing deforestation eradication for at least one sourced commodity
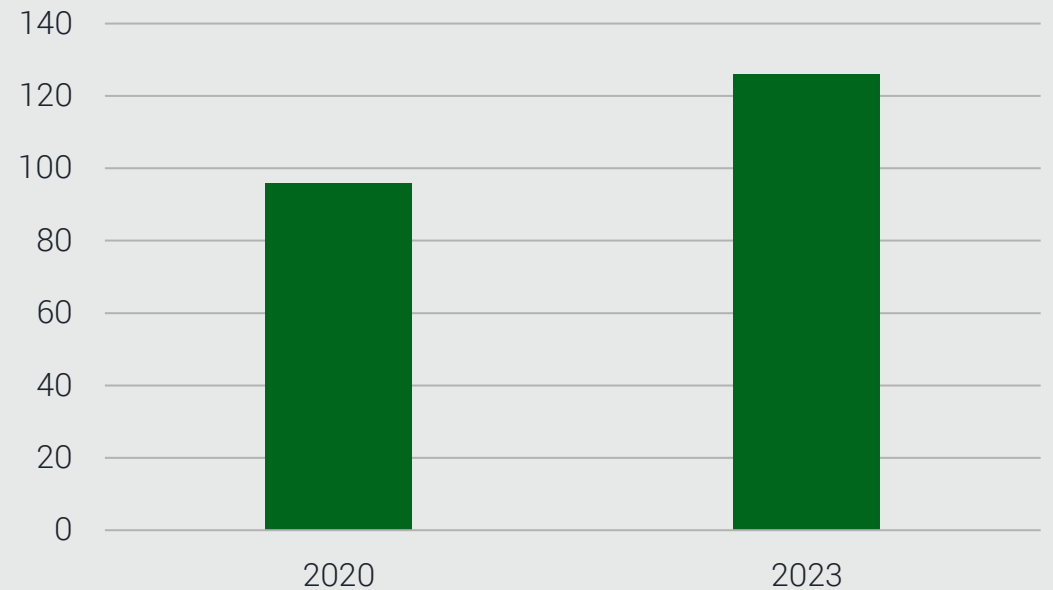
Source: Disclosure Data Factsheet 2023 - CDP

What is the cost of inaction?

Inaction is costly...

On average nearly US$300 million at risk, versus

US$17.4 million to respond per reporting company

The cost of inaction could be >17x higher than the cost of action.

Source: CDP 2022 Data

...and awareness brings rewards

29% of companies identified forest-related opportunities with potential to have substantive financial or strategic impact on their business.

231 companies reported opportunities worth **US$58 billion**.

Source: 2022 CDP Data.

Forests-related opportunities identified by companies
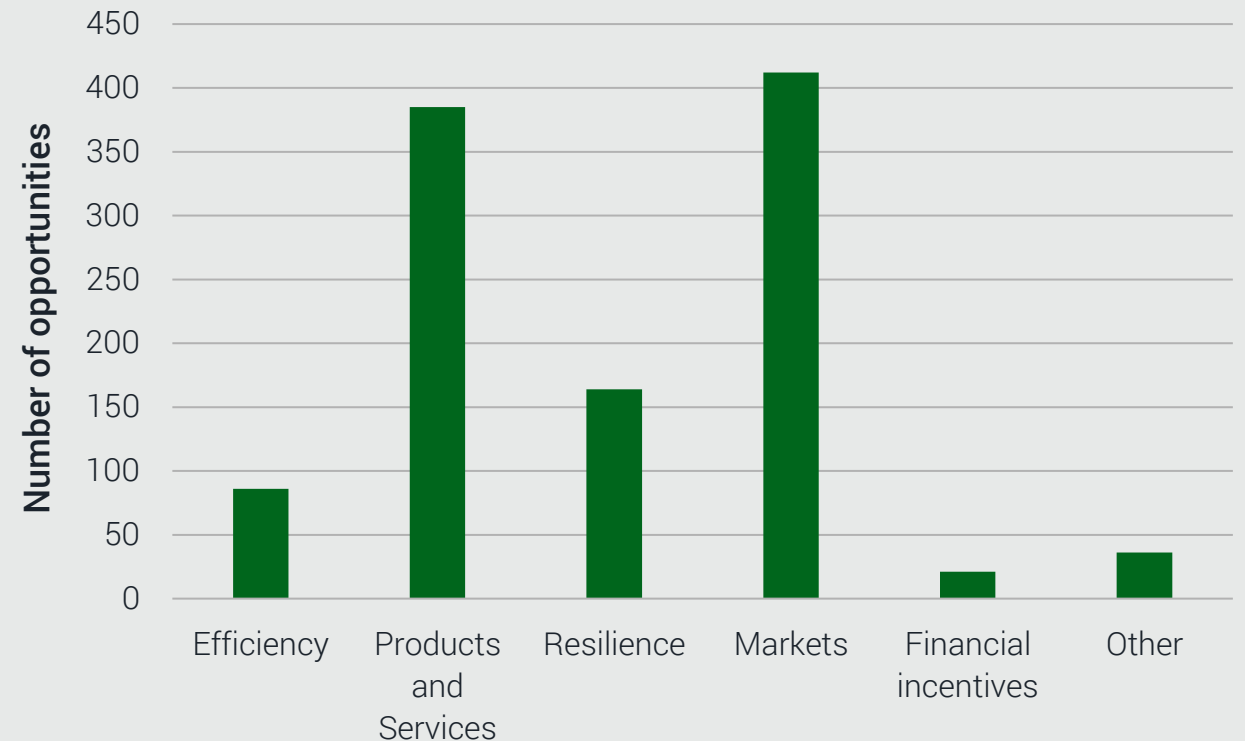
Source: 2023 CDP Data.

Why are supply chains important?

The pivotal role of supply chains in addressing deforestation

- Only 64 companies reported achieving a 100% deforestation- and conversion-free supply chain for at least one commodity in 2023.

- While 445 companies disclosed progress on deforestation and conversion-free supply chains, only 186 provided comprehensive and high-quality information.

Source: CDP 2023 Data

14

Forest-related supply chain risks are overlooked while being significant

- **52%** of risk drivers occur in the supply chain
- **>50%** of disclosing companies are not assessing and evaluating risks.
- **84%** of companies that undertook a forest-related risk assessment for a specific commodity identified risks associated with deforestation.
- **Only 54%** of forest-related risks covered by a potential financial impact value.

Average financial impact (USD converted) per company
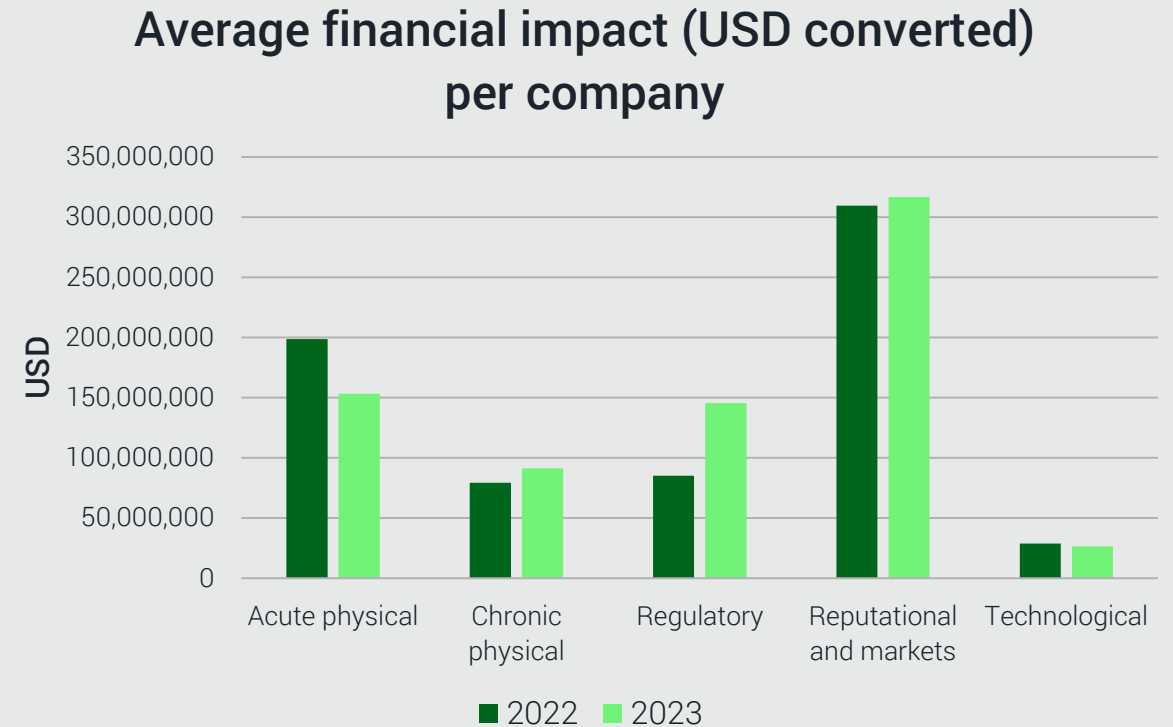
Source: CDP 2021-2023 Data

Benefits for suppliers

Key benefits of disclosure

Access to capital
Enhancing supplier position

340+ purchasing organizations with an annual spend of US$6.4 trillion use CDP supplier data for procurement decisions.

Business competitiveness
Managing risks and unlocking opportunities

>50% of forest risk drivers are situated in corporate supply chains.

Compliance
Mandatory or voluntary

CDP's disclosure platform improves consistency of information for purchasing companies and investors.

Enabling standards-aligned disclosure globally

Accountability Framework initiative

CDP works closely with the Accountability Framework Initiative (AFi), a practical, consensus-based guide for action on deforestation, conversion of other natural ecosystems and ecosystem protection, to reflect current good practice into the forests disclosure content.

Disclosing through CDP can also support you on your path to compliance with the upcoming European Union Deforestation Regulation.

CDP

EFRAG
Europe's voice in corporate reporting

Exploring further alignment with European Sustainability Reporting Standards (ESRS) ongoing via an official partnership

GRI

CDP is partially aligned to the GRI standards. Technical coordination ongoing with GRI.

TNFD

Partially aligned with TNFD disclosure recommendations, exploring further alignment

Roadmap for Disclosing Suppliers

Example: forests

Suppliers disclose information (even partial) via CDP

Understand & report commodity volumes & origins

Set a no-deforestation target & policy

Respond to identified deforestation risks & report progress on traceability & DF status

Engage & collaborate with customers to eliminate deforestation

Eliminate conversion & restore natural ecosystems

Set more ambitious targets: no-conversion, SBT for Land & SBTi FLAG

Phase 1: Establish foundation

Phase 2: Build capacity

Phase 3: Improve performance

Forests disclosure journey

Using disclosure to drive environmental improvement

Full corporate questionnaire:

Streamlined, holistic reporting

Module 1 – Introduction

Module 2 – Identification, Assessment & Management of Dependencies, Impacts, Risks, & Opportunities

Module 3 – Disclosure of Risks & Opportunities

Module 4 – Governance

Module 5 – Business Strategy

Module 6 – Environmental Performance – Consolidation Approach

Module 7 – Environmental Performance – Climate Change

Module 8 – Environmental Performance - Forests

Module 9 – Environmental Performance – Water Security

Module 10 – Environmental Performance – Plastics

Module 11 – Environmental Performance – Biodiversity

Module 12 – Environmental Performance – Financial Services

Module 13 – Further Information & Sign off

Sector-specific module

Integrated modules

Environmental issue-specific modules

Integrated modules

CDP forests module

Disclose to CDP at the best of your abilities, preferably publicly and full questionnaire.

If you don't have capacity to answer all questions, please focus on the following:
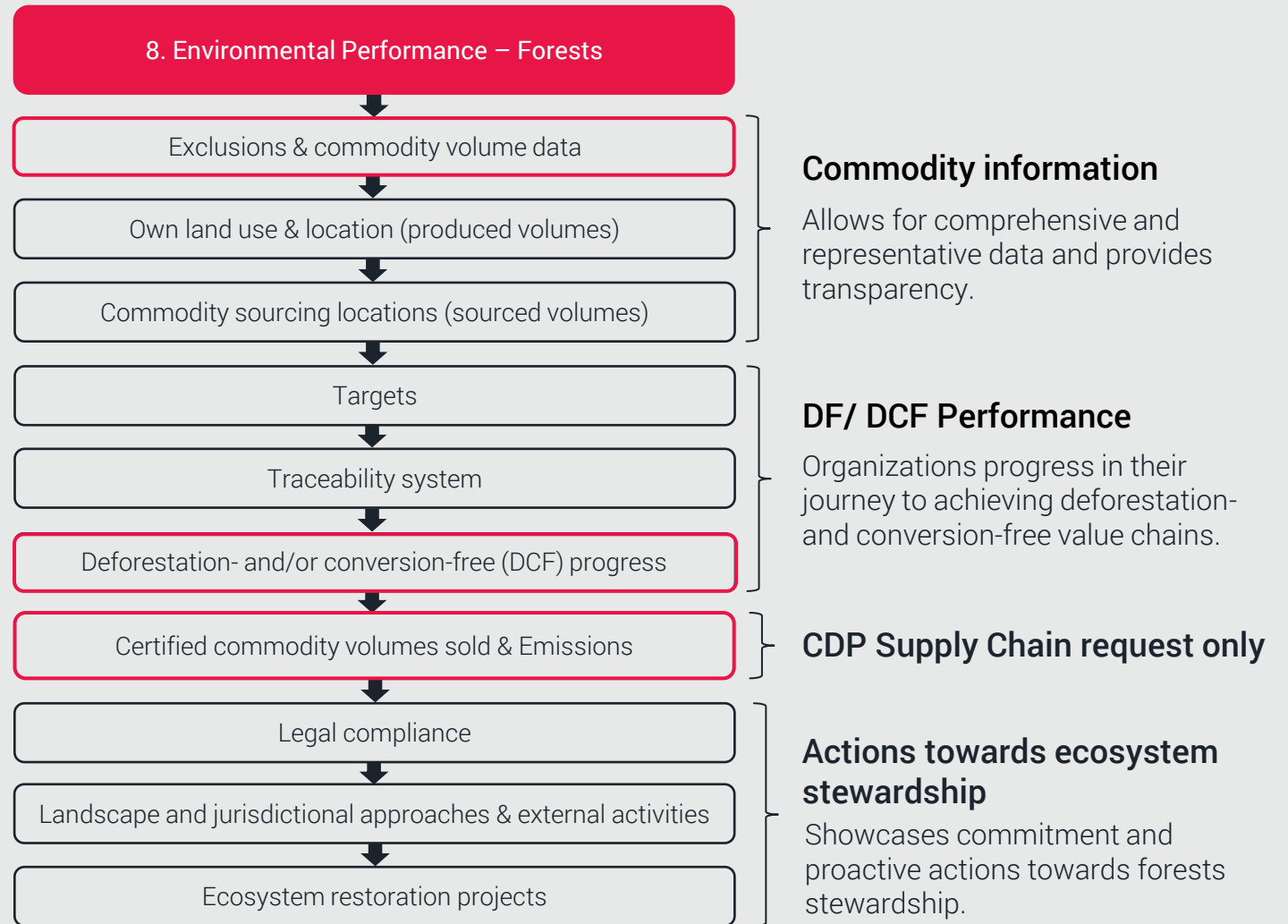
1. Exclusions & commodity volume data

2. Deforestation- and/or conversion-free (DCF) progress

3. Supply Chain Request Questions within the questionnaire

8. Environmental Performance – Forests

Exclusions & commodity volume data

Own land use & location (produced volumes)

Commodity sourcing locations (sourced volumes)

Commodity information

Allows for comprehensive and representative data and provides transparency.

Targets

Traceability system

Deforestation- and/or conversion-free (DCF) progress

DF/ DCF Performance

Organizations progress in their journey to achieving deforestation- and conversion-free value chains.

Certified commodity volumes sold & Emissions

CDP Supply Chain request only

Legal compliance

Landscape and jurisdictional approaches & external activities

Ecosystem restoration projects

Actions towards ecosystem stewardship

Showcases commitment and proactive actions towards forests stewardship.

23

Introduction to commodity disclosure

The first stage of understanding your organizations:

1. **Impacts** on forests
2. **Risks** related to deforestation
3. **Opportunities** related to:
   - avoiding deforestation risks
   - transforming business strategy to reverse the loss of forests

...is understanding your business **dependence** on forests

Dependence on forests = producing or sourcing commodities that are linked to high levels of deforestation and dependent on ecosystem services for their production conditions
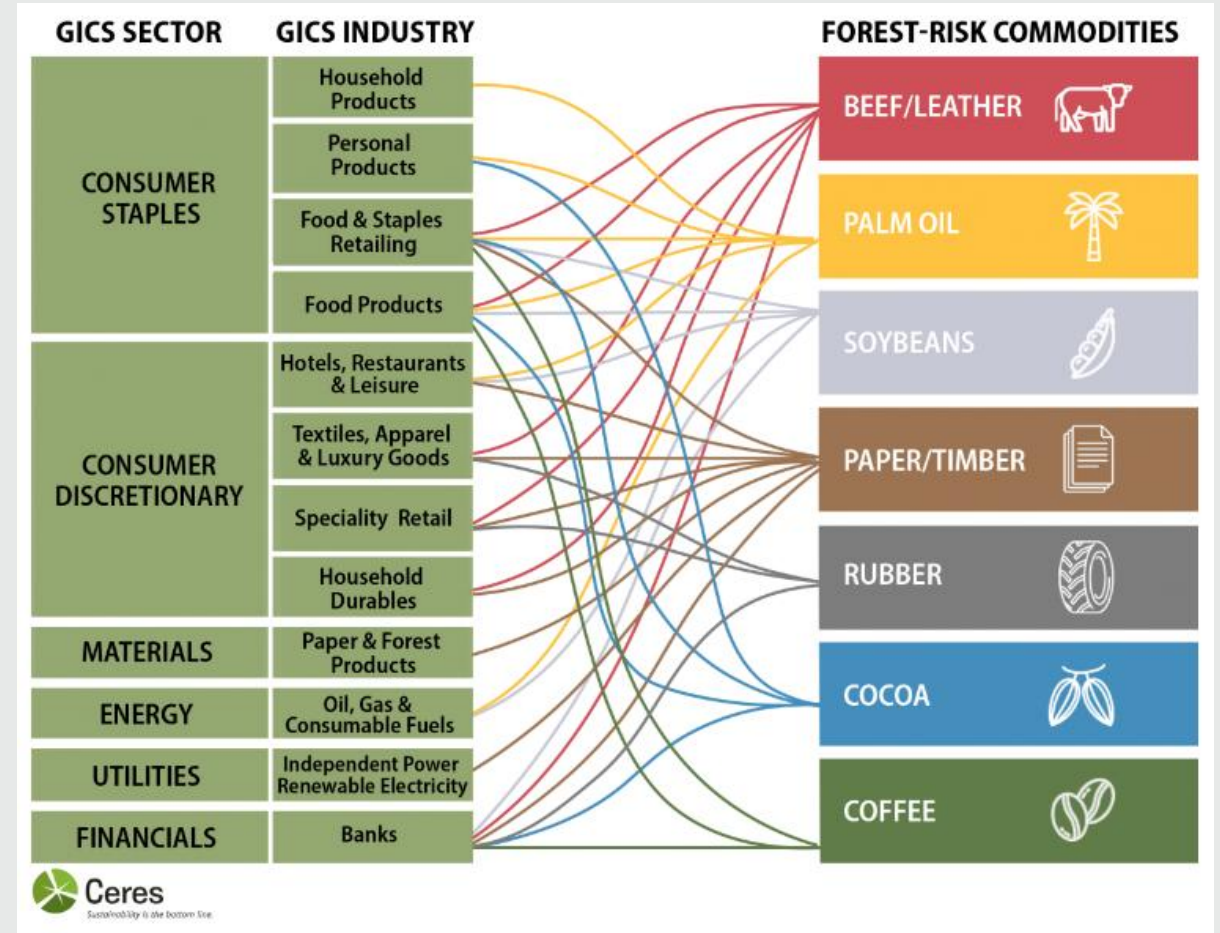
Questionnaire setup: Forests

Commodity disclosure

Commodity	Has your organization produced, sourced or used this commodity in the reporting period?	Will you be disclosing on this commodity?
Timber	• Yes o No	• Yes o No
Palm oil	o Yes • No	o Yes o No
Cattle products	• Yes o No	o Yes • No
Soy	o Yes • No	o Yes o No
Rubber	o Yes • No	o Yes o No
Cocoa	o Yes • No	o Yes o No
Coffee	o Yes • No	o Yes o No

Refer to the CDP Corporate 'Questionnaire Setup' preview for more details

Focus:
Commodity data

CDP requests disclosers to report on **all** the commodity volumes produced or sourced, to create more transparent, comprehensive and comparable disclosure data.

- **Total commodity volume:** Total volume of a commodity produced and/or sourced regardless of whether this volume is included or excluded from your disclosure.
- **Disclosure volume:** The volume included in an organization's disclosure.
- **Produced volume:** The proportion of the "Disclosure volume" produced by an organization.
- **Sourced volume:** The proportion of the "Disclosure volume" consumed, sourced, purchased and/or used by an organization for processing, trading or used as an input for manufacturing and/or packaging.

Full	1.22 8.1 8.2

Example – Organization X

Produce and source 30,000 metric tons of soy

"Total commodity volume" = 30,000t

Excluded 10,000 metric tons of soy due to merger in reporting year

"Disclosure volume" = 20,000t

"Produced volume" = 15,000t

"Sourced volume" = 5,000t

Useful resources:

CDP Technical Note: Reporting Commodity Volumes

Focus:
Value chain mapping

Full	1.24 1.24.2

What is it?

The process of understanding the flow of activities, processes, and value creation within an organization. It involves:

1. identifying actors in the value chain;
2. locating where they operate; and
3. understanding the relationships between them.

Indirect Suppliers i.e., Tier 2+ — **Direct Suppliers i.e., Tier 1** — **Your organization**

Examples first steps

1. Identify organizational activities
2. Assign group-level codes
3. Identify direct suppliers in high-risk activities for forests
4. Create value chain maps for these suppliers

Useful resources:

- CDP's Activity Classification system
- CDP's Forest impact classification (See Appendix 1)
- Accountability Framework initiative (AFi) guidance on supply chain management
- SBTN guidance on value chain assessment
- TNFD guidance on value chains

Focus:
Traceability

Full	8.8 8.8.1

What is it?
the ability to follow a product or its components through stages of the upstream value chain (AFi, 2024).

Raw commodities → **Processed commodities** → **Finished goods/products**
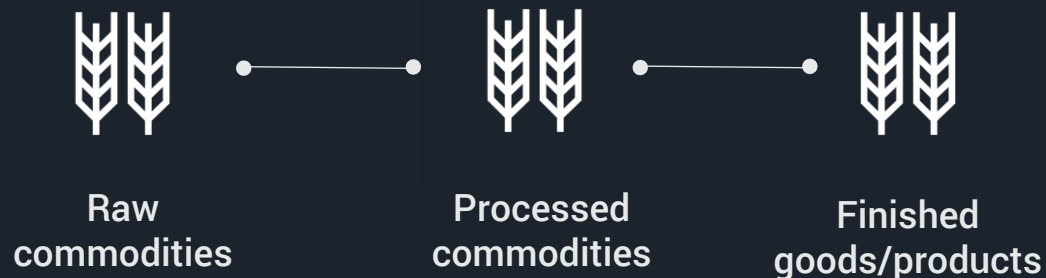
Methods

- Value chain mapping
- Supplier engagement
- Open data platforms e.g., TRASE
- Digital traceability systems/block chain
- Physical chain of custody certification

Useful resources:

- CDP Technical Note: Reporting progress on Deforestation-and Conversion-free value chains
- Accountability Framework initiative (AFi) guidance on supply chain management
- TRASE open data platform

Traceability levels

Least specific level → Other point **not in the country/ area of origin**

e.g. Traced to a first importer in Peru and the country of origin is unknown

Country/area of origin

e.g. Traced to Brazil and it was produced in Brazil, but the sourcing area within Brazil is unknown

Sourcing area

e.g. Traced to the Mato Grosso region in Brazil, but the specific production unit is unknown

Most specific level → Production unit

e.g. Traced to the plantation, farm, ranch, or forest management unit of origin

EUDR requirement

29

Focus:

Deforestation and conversion of other natural ecosystems

Full	8.9

Forests are one type of natural ecosystem...
...Deforestation is one type of conversion.

What is it?

Conversion

the change of a natural ecosystem to another land use, or a profound change in the natural ecosystem's species composition, structure, or function.

Deforestation

The change of natural forest to another land use, or a profound change in the natural forests species composition, structure, or function.

Natural ecosystems

Natural forests

Non-forests ecosystems
e.g., Grasslands, woodlands, savannas, wetlands, peatlands

Conversion of forests i.e., Deforestation

Conversion of other natural ecosystems

Agricultural use

Degraded land

Tree plantation

Useful resources

Accountability Framework initiative (AFi) guidance on applying definitions related to deforestation and conversion

Focus: Deforestation and conversion free (DCF) status

Full	8.9

What is it?

"No-deforestation or Deforestation-free"

Commodity production, sourcing, or financial investments that do not cause or contribute to deforestation.

"No-conversion or deforestation-and conversion-free"

Commodity production, sourcing, or financial investments that do not cause or contribute to deforestation and the conversion of natural ecosystems.

Methods

- Third-party certification proving full assurance

- Production unit monitoring

- Sourcing area monitoring

Useful resources

Accountability framework Initiative (AFi)

- Guidance: DCF reporting

- Explainer: Assessing Compliance at the Production Unit Level

- Explainer: Responsible production

- Webinar: Sourcing deforestation- and conversion-free agricultural and forestry commodities

Third-party certification

Schemes providing full DF/DCF assurance

Production unit

Mill   **Converter**   **Manufacturer**   Retailer

Producer/forest management certification standard

Chain of custody certification standard
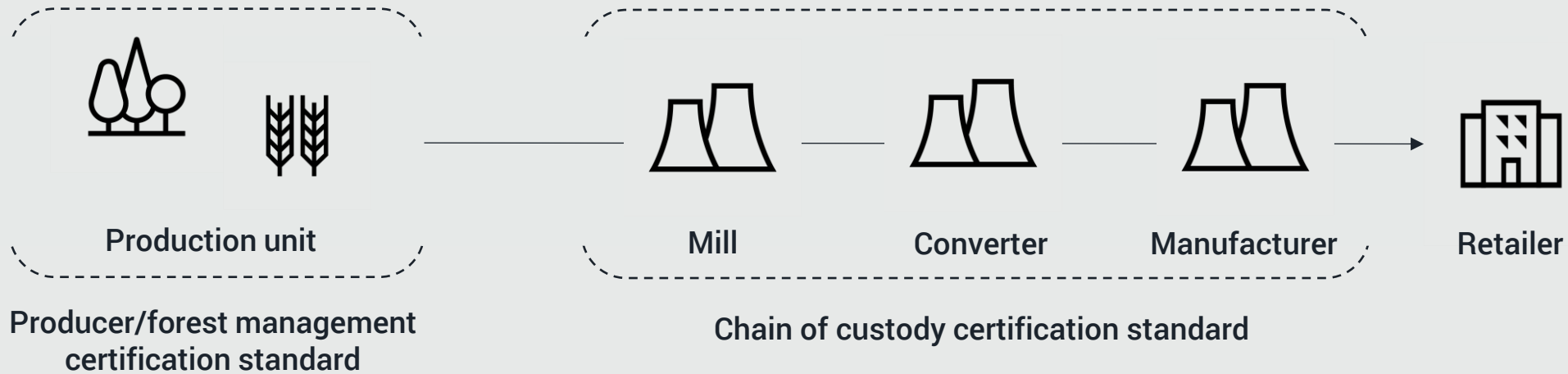
Robust requirements on no deforestation and no conversion, after an appropriate cutoff date

Physical traceability of raw material supplies i.e., segregated or identity preserved chain-of-custody models.

Key forests questions – deep dive

Using disclosure to drive environmental improvement

Module 1

Total commodity volume & value chain mapping

| Module 1 – Introduction |
| Module 2 – Identification, Assessment & Management of Dependencies, Impacts, Risks, & Opportunities |
| Module 3 – Disclosure of Risks & Opportunities |
| Module 4 – Governance |
| Module 5 – Business Strategy |
| Modules 6-12 – Environmental Performance |
| Module 13 – Further information & Sign off |

1.22 – Total commodity volume

1.24/1.24.2 – Value chain mapping

Ambition

The organization discloses all commodities and volumes that they produce and/or source.

Ambition

Organizations have visibility into their value chains, enabling them to manage the environmental dependencies, impacts, risks, and opportunities related to their sourced commodity volumes.

Module 8

Exclusions & commodity volume data

Module 8 – Environmental Performance - Forests

Exclusions & commodity volume data

Own land use & location
(produced volumes)

Commodity sourcing locations
(sourced volumes)

Commodity information

8.1/8.1.1
Exclusions

8.2 Disclosure
volume
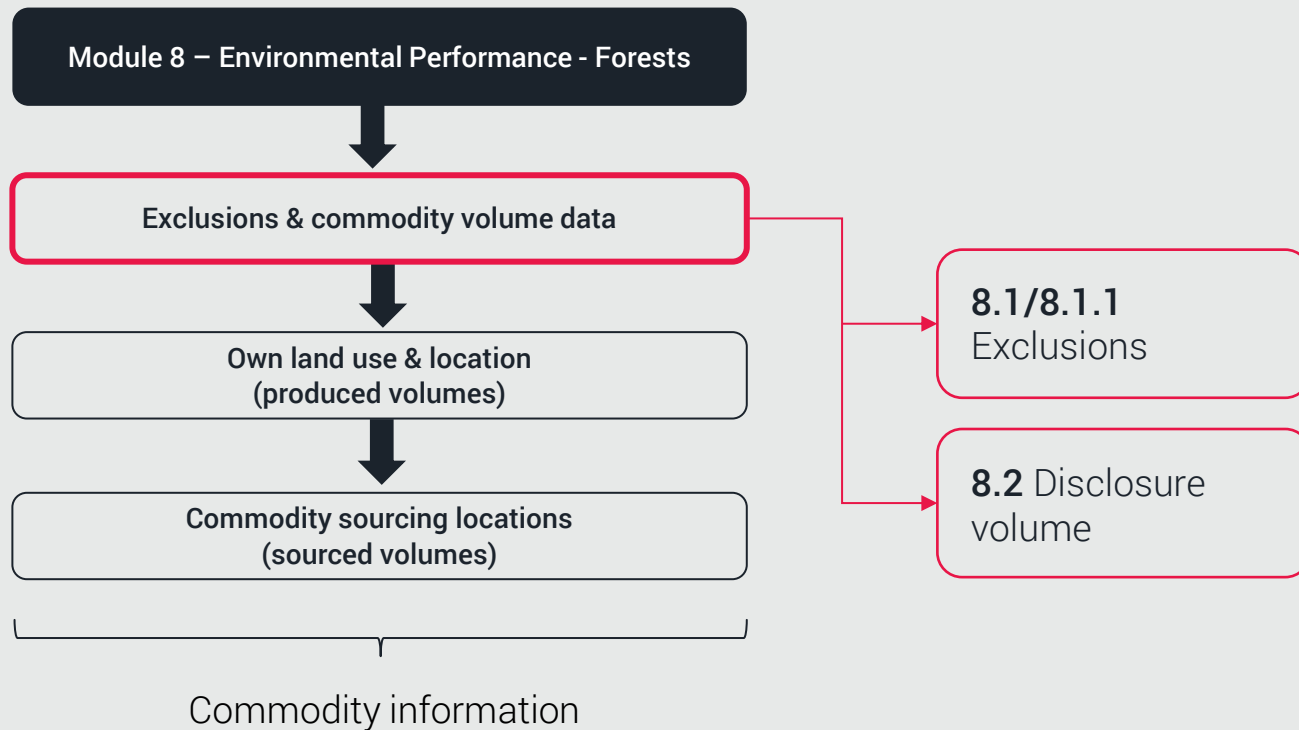
Ambition

The organization reports on all exclusions from the reporting boundary and does not have any significant exclusions from their disclosure.

Actions

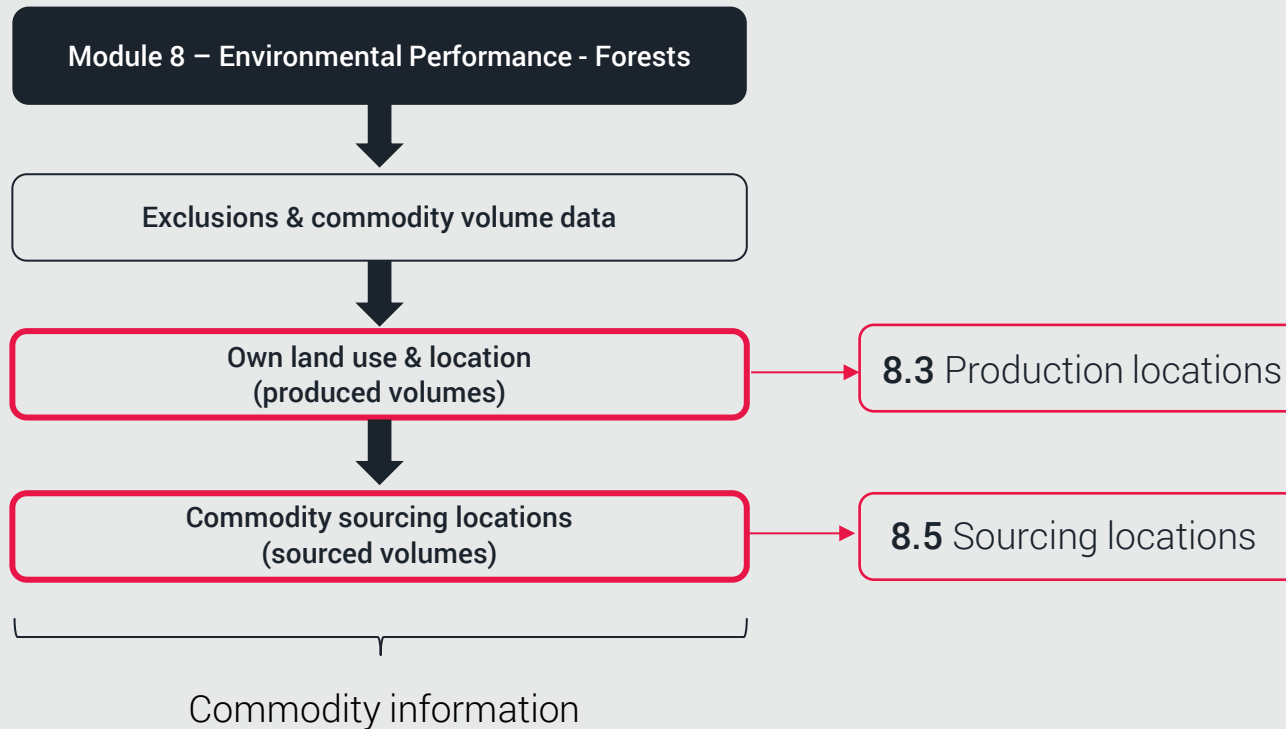Set your reporting boundary and identify exclusions

EUDR does not allow small quantity exemptions – preparing a full commodity disclosure will support you to start with your due diligence obligations.

Module 8 - forests

Sourcing and production locations

Module 8 - forests

No-deforestation and no-conversion targets

```
┌─────────────────────────────────────────────┐
│  Module 8 – Environmental Performance - Forests │
└─────────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────────┐
│       No-deforestation/ no-conversion targets │
└─────────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────────┐
│            Traceability system               │
└─────────────────────────────────────────────┘
                    │
                    ▼
┌─────────────────────────────────────────────┐
│  Deforestation- and conversion free (DCF)    │
│          metrics and progress                │
└─────────────────────────────────────────────┘
```

DCF performance

8.7/8.7.1/8.7.2
Active no-deforestation/
no-conversion targets
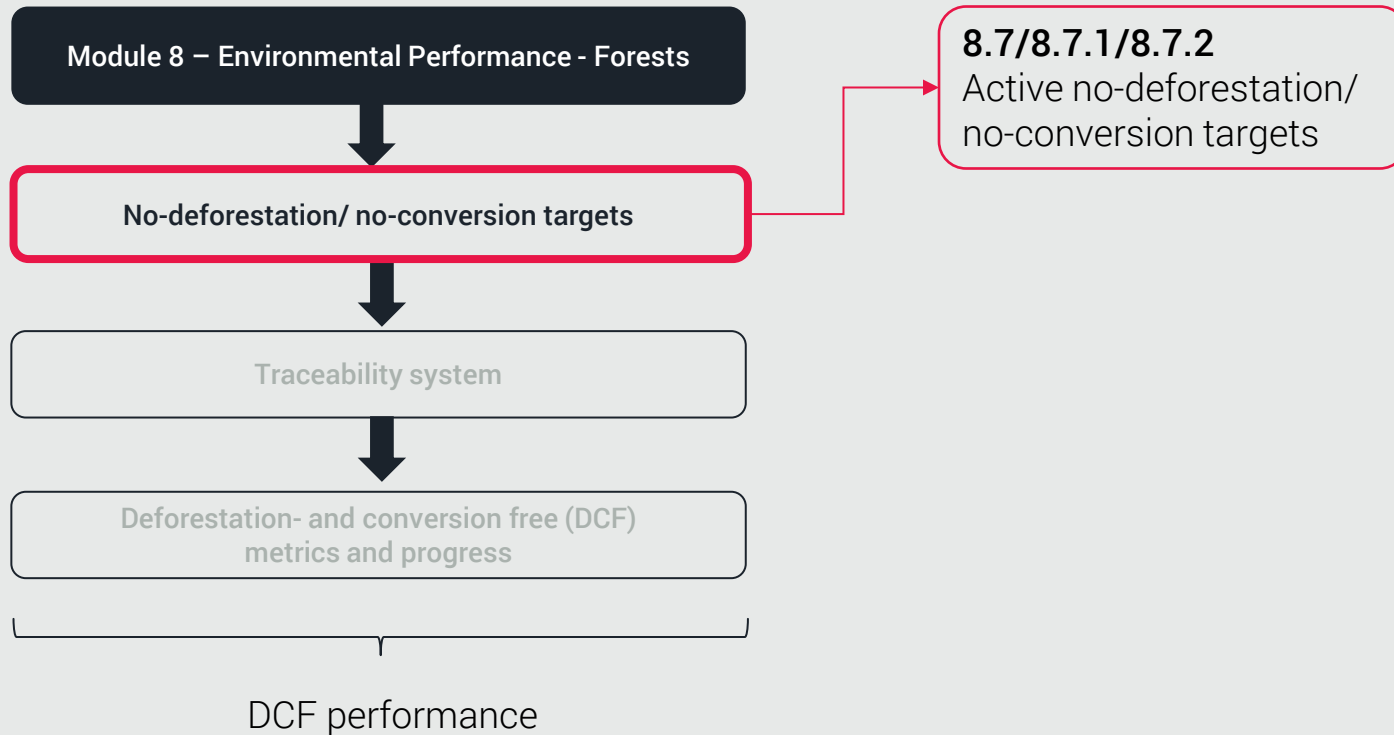
Ambition

The organization sets organization-wide timebound and quantifiable targets to eliminate deforestation and conversion of other natural ecosystems.
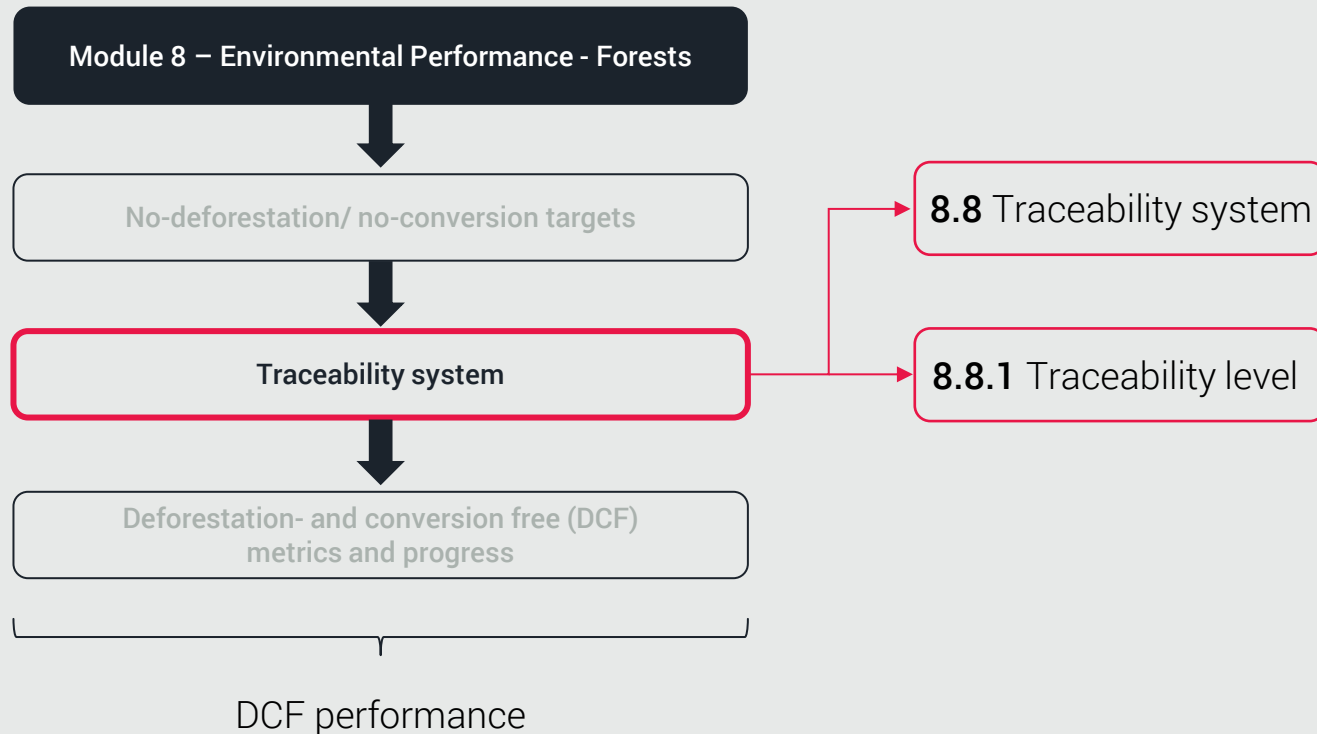
Actions

- Establish organizational definition of "No-deforestation" or "No-conversion" → Accountability Framework initiative (AFi) guidance on applying defintions related to deforestation and conversion

- Identify sector or region wide agreements for cutoff dates → Accountability framework Initiative (AFi) Operational Guidance: Cutoff Dates

Module 8 - forests

Traceability

Module 8 – Environmental Performance - Forests

No-deforestation/ no-conversion targets

Traceability system

Deforestation- and conversion free (DCF) metrics and progress

DCF performance

8.8 Traceability system

8.8.1 Traceability level

Ambition

Organizations have robust traceability systems to ensure:

- the origins of the sourced volumes across their value chain are known or controlled.

- sourced volumes are traced to a point where it can be confirmed that no deforestation and no conversion of other natural ecosystems occurred during production, after a designated cutoff date.
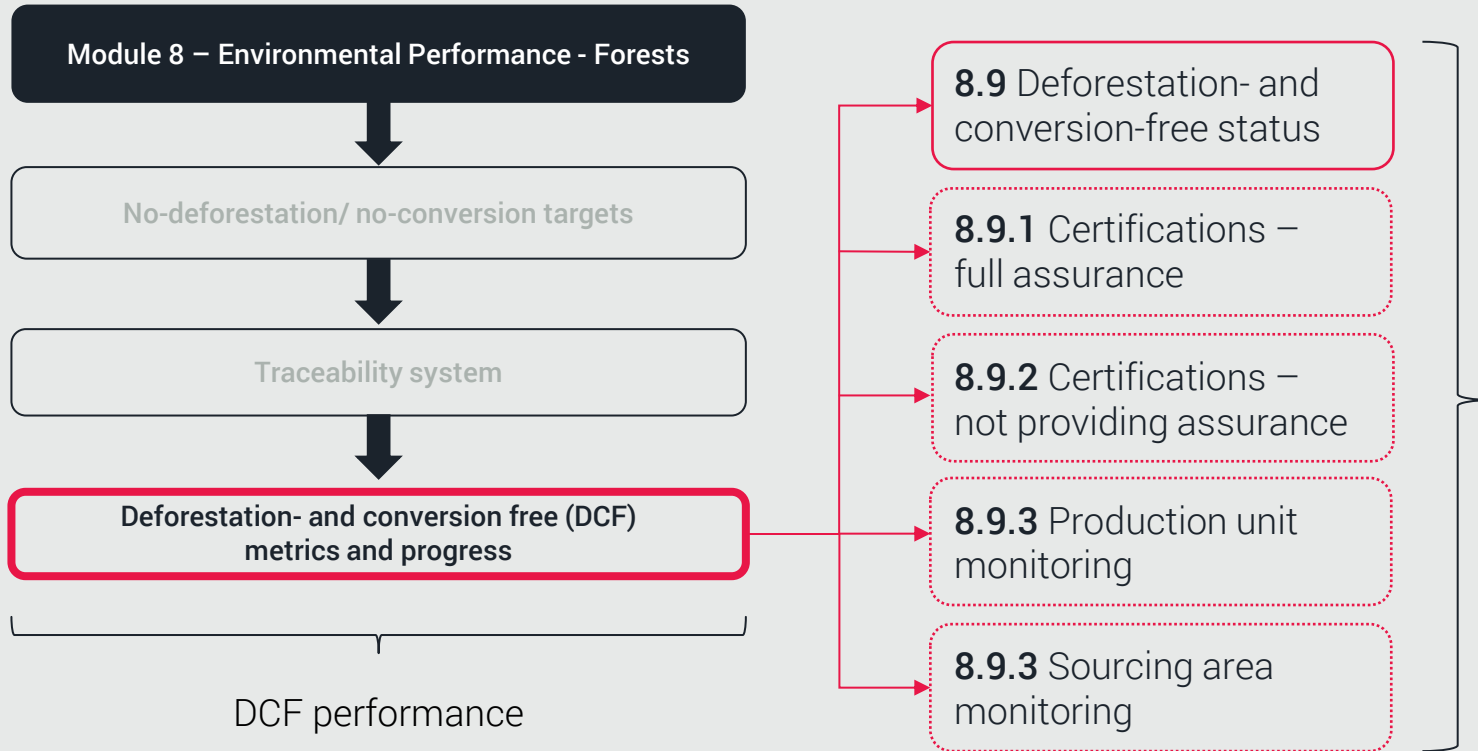
Action

- Engage direct suppliers and stakeholder to gauge existing traceability systems.

- Investigate traceability initiatives in your country/region e.g., Traceability Initiatives in the Meat and Leather Value Chains in Brazil.

Module 8 -forests

Deforestation- and conversion-free status (DCF) of commodities

Module 8 – Environmental Performance - Forests

No-deforestation/ no-conversion targets

Traceability system

Deforestation- and conversion free (DCF) metrics and progress

DCF performance

8.9 Deforestation- and conversion-free status

8.9.1 Certifications – full assurance

8.9.2 Certifications – not providing assurance

8.9.3 Production unit monitoring

8.9.3 Sourcing area monitoring

Ambition

- Organizations track progress towards achieving DF or DCF.
- Organizations disclose on their progress to achieving DF or DCF and disclose relevant methodological choices used to calculate DF/DCF volumes.
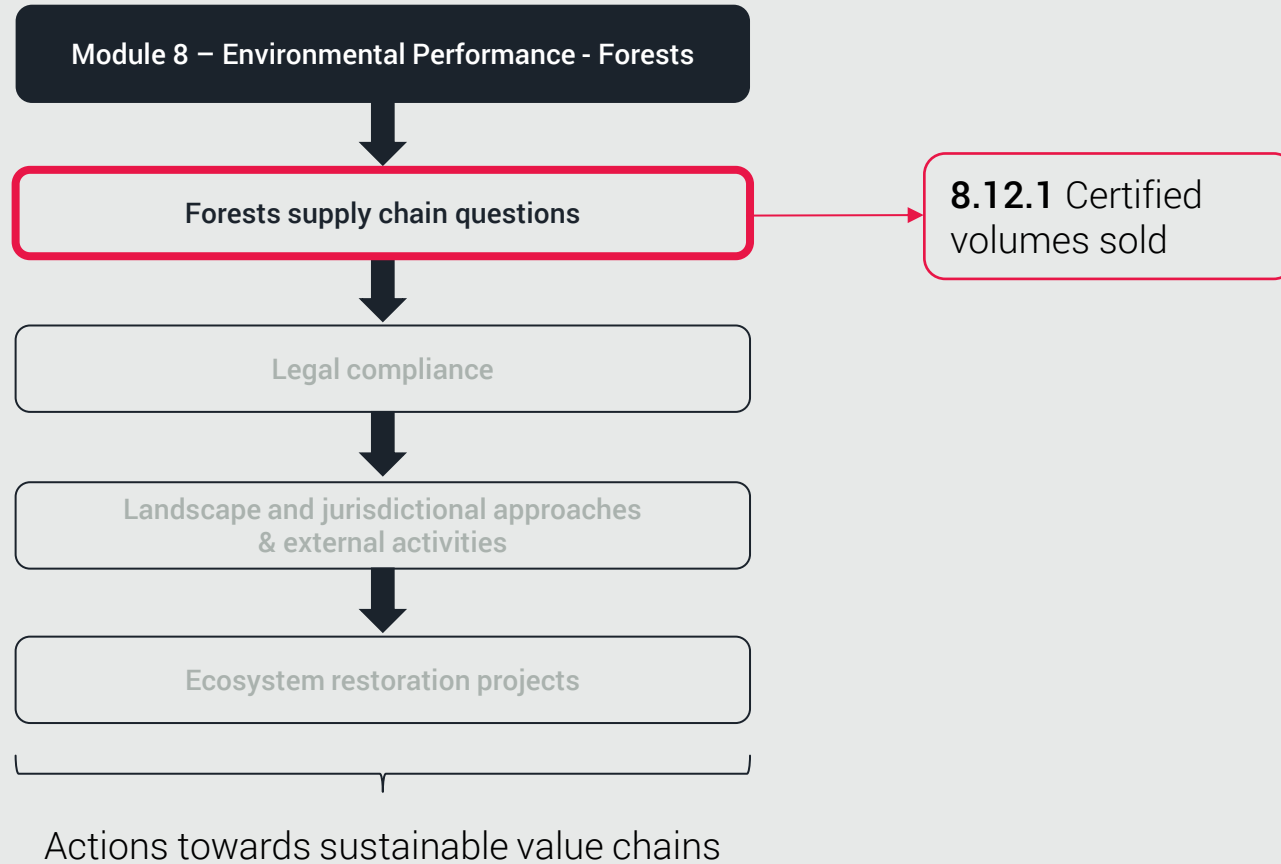
Actions

- Establish which method you will use to determine the DF or DCF status → Consumer goods forum (CGP) commodity roadmaps, DCF methodologies & guidance

Example responses and DF/DCF certifications list available in CDP technical note 'Reporting progress on Deforestation- and Conversion-free value chains'

41

Module 8 -forests

CDP Supply Chain request questions

```
┌──────────────────────────────────────────┐
│ Module 8 – Environmental Performance - Forests │
└──────────────────────────────────────────┘
                    │
                    ▼
┌──────────────────────────────────────────┐        ┌─────────────────────┐
│ Forests supply chain questions           │───────▶│ 8.12.1 Certified    │
└──────────────────────────────────────────┘        │ volumes sold        │
                    │                                └─────────────────────┘
                    ▼
┌──────────────────────────────────────────┐
│ Legal compliance                          │
└──────────────────────────────────────────┘
                    │
                    ▼
┌──────────────────────────────────────────┐
│ Landscape and jurisdictional approaches   │
│ & external activities                     │
└──────────────────────────────────────────┘
                    │
                    ▼
┌──────────────────────────────────────────┐
│ Ecosystem restoration projects            │
└──────────────────────────────────────────┘
```

Actions towards sustainable value chains

Ambition

- Organizations provide the percentage of the total commodity volume sold to requesting members that is certified by a third party, the certification schemes used and forms of commodities that are certified.
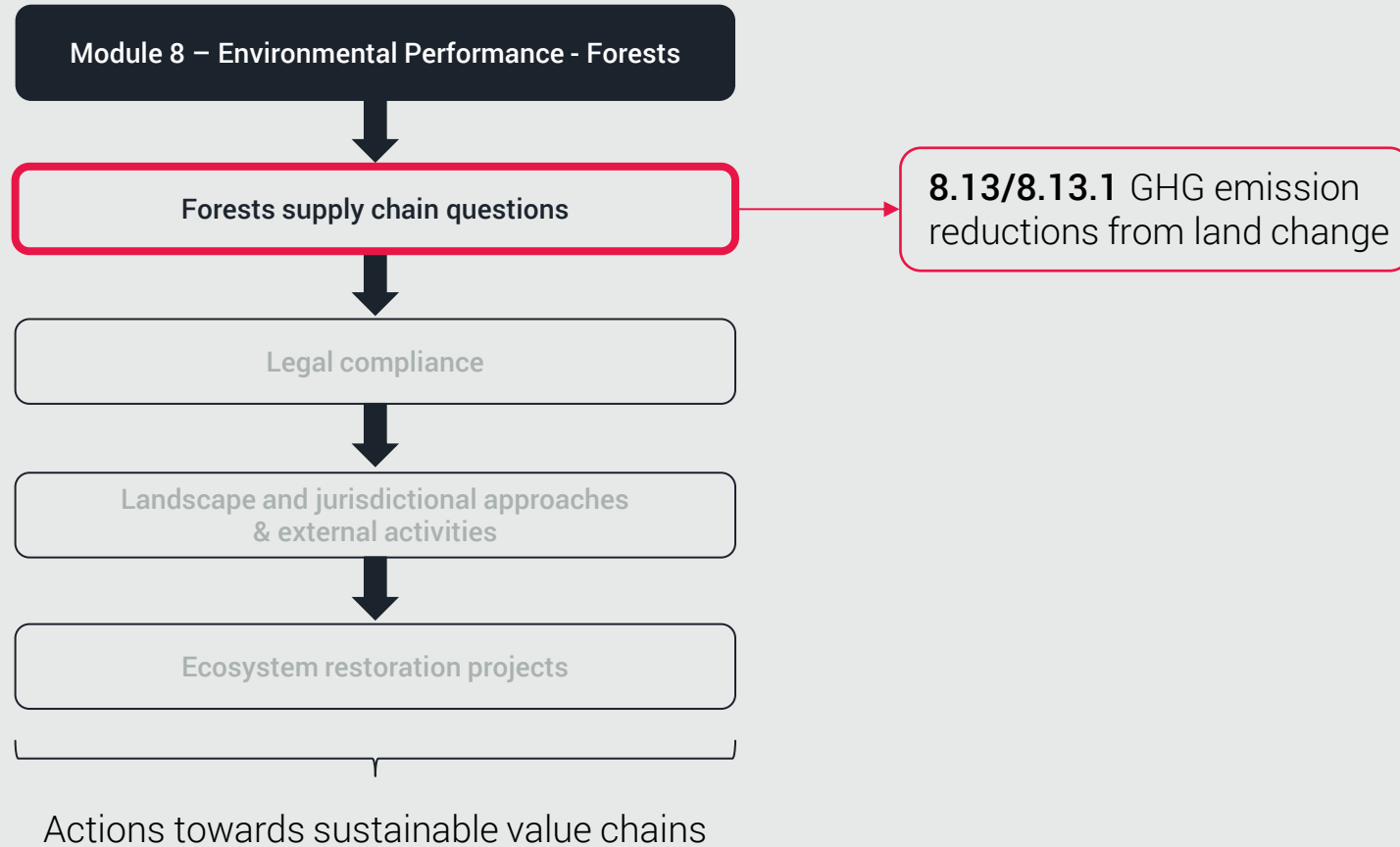
Actions

- Collect information on all the certifications you hold, and any that your suppliers hold.

42

Module 8 - forests

CDP Supply Chain request questions

Module 8 – Environmental Performance - Forests

↓

Forests supply chain questions → **8.13/8.13.1** GHG emission reductions from land change

↓

Legal compliance

↓

Landscape and jurisdictional approaches & external activities

↓

Ecosystem restoration projects

Actions towards sustainable value chains

Ambition

- Organizations provide the GHG emission reductions and/or removals from land use management and land use change that have occurred in their direct operations and/or upstream value chain

Actions

- Collect information any activities that that have resulted in an emissions benefit

Forests SME disclosure

A high-level overview
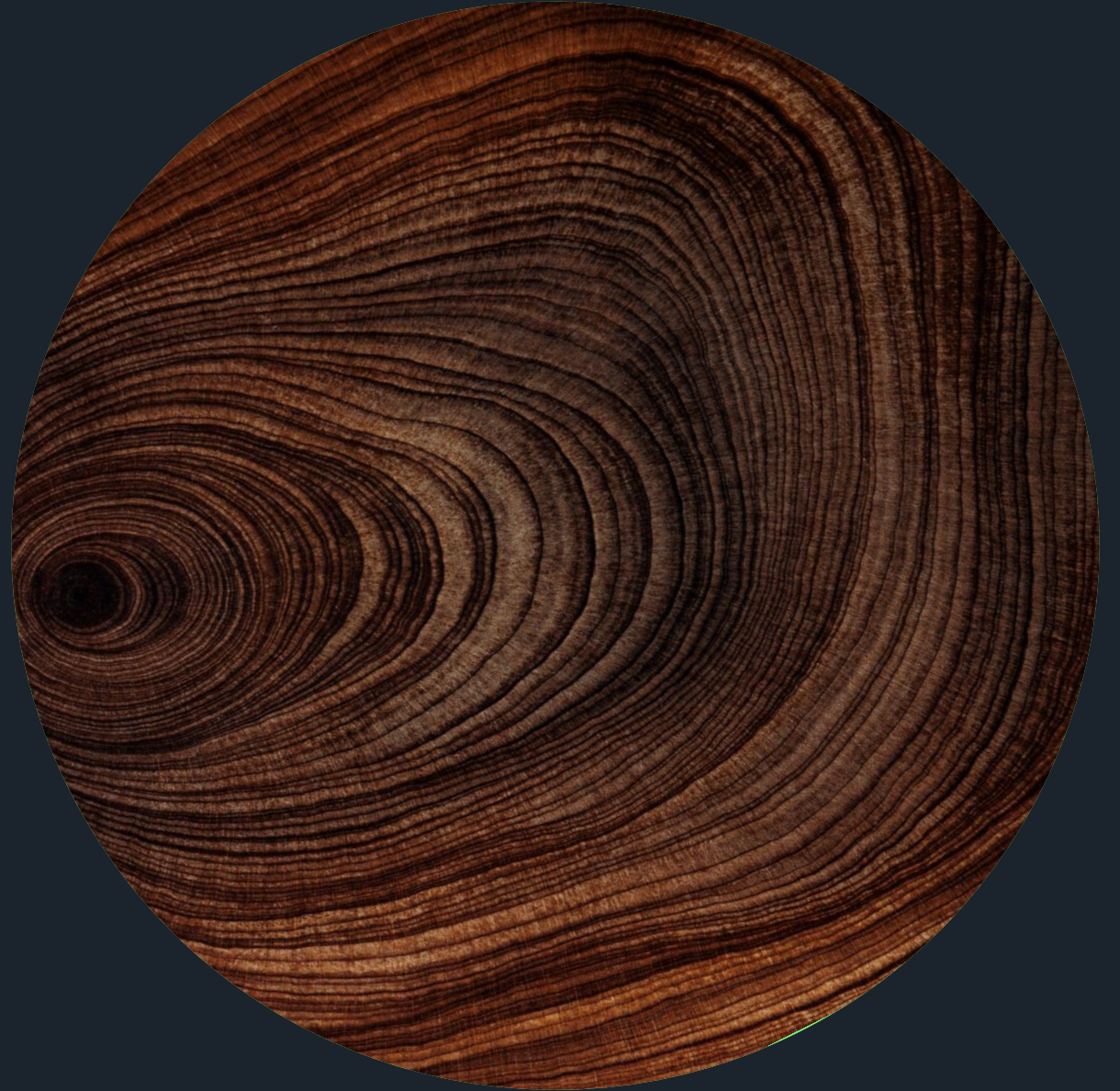
SME Questionnaire

Layout and Structure

- CDP's SME questionnaire is mostly focused on climate to match the resources of SMEs.

- Integrated modules (14-18) also include a select few questions where SMEs can start to provide forests data on topics such as:

  - Risks and opportunities assessment process

  - Engagement with suppliers, customers, and other stakeholders

 - Forest-related initiatives you could collaborate on with CDP Supply Chain members

Module 14 – Introduction

Module 15 – Identification, Assessment, Management of Risks & Opportunities

Module 16 – Disclosure of Risks & Opportunities

Module 17 – Governance

Module 18 – Business Strategy

Integrated modules

Module 19 – Environmental Performance – Consolidation Approach

Module 20 – Environmental Performance – Climate Change

Climate-specific modules

Module 13 – Further Information & Sign off

Integrated module

Additional support and resources

Getting started on your forests disclosure

Guidance and Support

- Visit our online Disclosure Guidance page: <u>Our Question Bank - CDP</u>

- Hub for all available guidance documents.
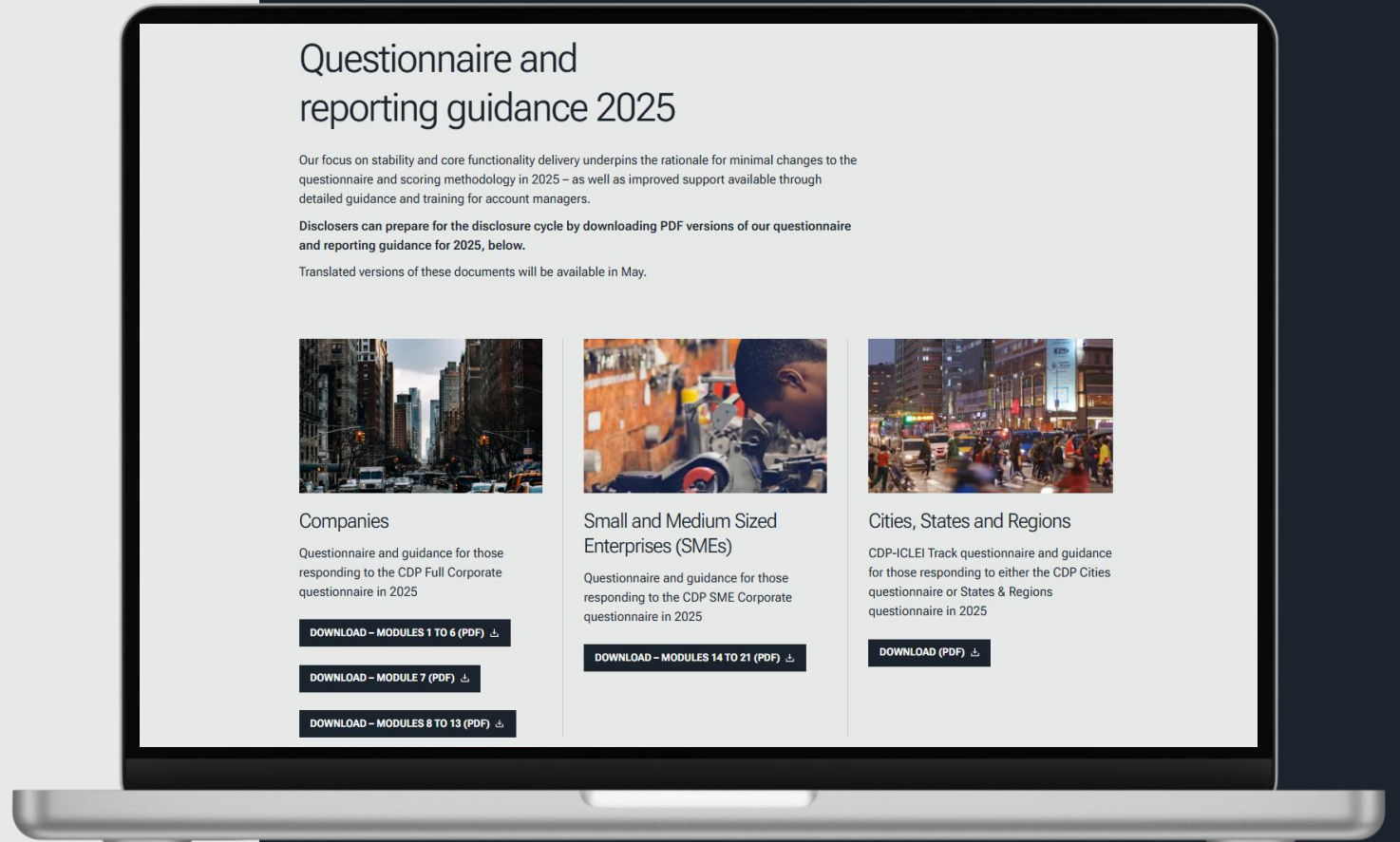
Resources

CDP resources for disclosure in 2025

- Questionnaire and reporting guidance 2025
- Corporate Disclosure Key Changes for 2025
- CDP Guidance and scoring methodology for companies
- CDP Help Center: Knowledge Base and Support Tickets
- FAQs: General disclosure information

CDP Forests disclosure resources

- CDP Technical Note: Reporting progress on Deforestation- and Conversion-free value chains
- CDP Technical Note: Reporting Commodity Volumes

Additional resources

- Consumer goods forum (CGP) forest positive approach & guidance for commodity suppliers
- Accountability Framework initiative e-learning platform
- Accountability Framework initiative tools & guides
- Proforest academy e-learning platform

Scoring Deadline
17 September 2025

Thank you, any questions?

CDP

We appreciate any [feedback](#) on this training session and the resources provided.
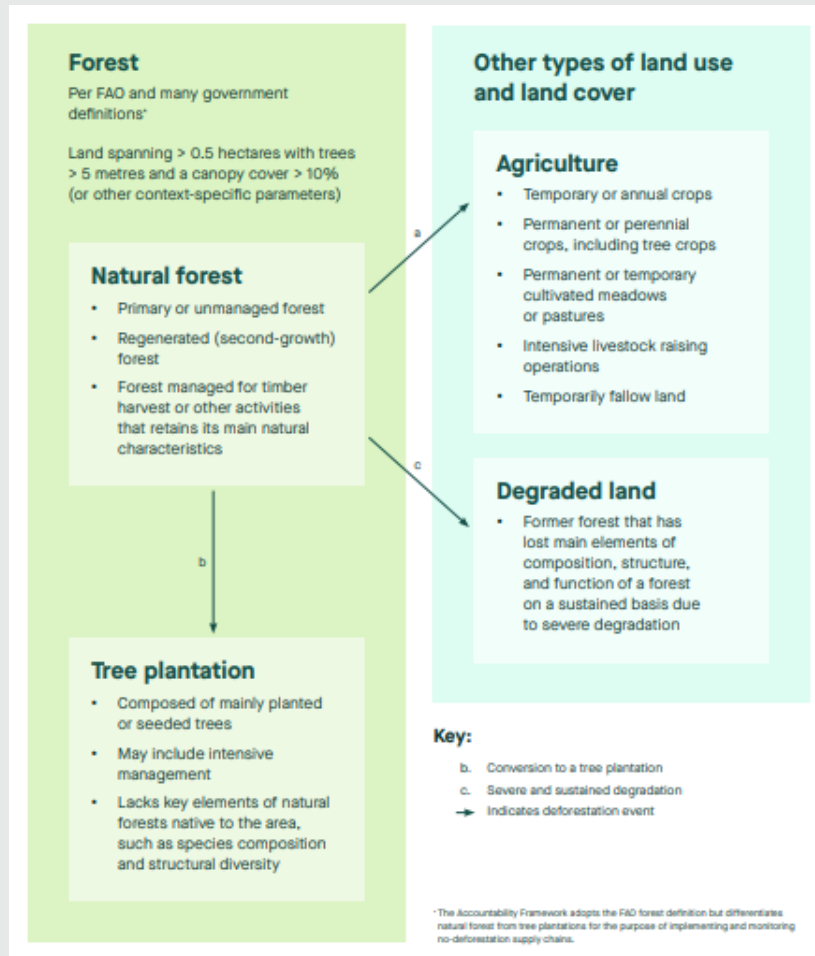
Annex: additional resources

This section includes additional resources to support understanding of key topics
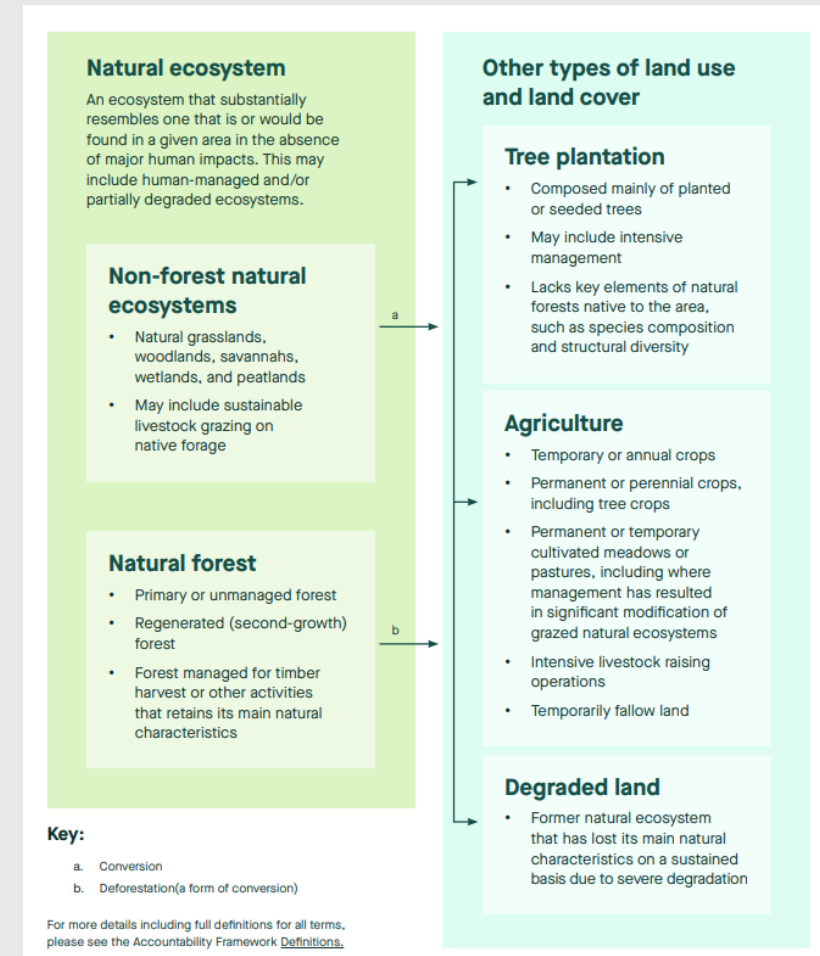
- Deforestation and conversion
- Traceability

Understanding conversion types

Source: Accountability Framework initiative (AFi) guidance on applying defintions related to deforestation and conversion

51

Reporting traceability