

CDP Japan Forests Report 2018

On behalf of 656 investors with assets of US\$87 trillion



Contents

CDP CEO Foreword	4
Message from QUICK ESG Research Center	5
Perspective of investors focusing on forest degradation and deforestation risks	6
CDP Forests 2018 Global Highlights	8
Current status of deforestation	10
Japanese company response to CDP Forests 2018	12
Appendix 1: CDP Scoring	18
Appendix 2: CDP Forests 2018 Japanese companies	19

Important Notice

The contents of this report may be used by anyone providing acknowledgement is given to CDP Worldwide (CDP). This does not represent a license to repackaging or resell any of the data reported to CDP or the contributing authors and presented in this report. If you intend to repackaging or resell any of the contents of this report, you need to obtain express permission from CDP before doing so.

CDP have prepared the data and analysis in this report based on responses to the CDP 2018 information request. No representation or warranty (express or implied) is given by CDP as to the accuracy or completeness of the information and opinions contained in this report. You should not act upon the information contained in this publication without obtaining specific professional advice. To the extent permitted by law, CDP do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this report or for any decision based on it. All information and views expressed herein by CDP is based on their judgment at the time of this report and are subject to change without notice due to economic, political, industry and firm-specific factors. Guest commentaries where included in this report reflect the views of their respective authors; their inclusion is not an endorsement of them.

CDP, their affiliated member firms or companies, or their respective shareholders, members, partners, principals, directors, officers and/or employees, may have a position in the securities of the companies discussed herein. The securities of the companies mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors; their value and the income they produce may fluctuate and/or be adversely affected by exchange rates.

'CDP Worldwide' and 'CDP' refer to CDP Worldwide, a registered charity number 1122330 and a company limited by guarantee, registered in England number 05013650.

© 2019 CDP Worldwide. All rights reserved.



Business as usual is no longer an option, but a prosperous and sustainable low-carbon future is achievable, if we choose to rise to the challenge.

2018 was another momentous year for action on climate change. The landmark report from the Intergovernmental Panel on Climate Change (IPCC) underlined the urgent need to bend the curve on global greenhouse gas emissions. Meanwhile the UN Environment Programme offered a stark reminder of the gap between where we are now and where we need to be. The choice facing companies and investors has never been clearer: seize the opportunities of the low-carbon transition or continue business as usual and face untold risks.

Against this backdrop, it is encouraging that 2018 saw a quickening pace of climate action. We saw more companies disclose their environmental data, and more set stretching targets to reduce emissions. Eighteen years ago, when CDP started, climate disclosure was non-existent in capital markets. In 2018, over 7,000 companies, worth more than 50% of global market capitalization disclosed environmental data through our platform. That's an 11% jump on the previous year.

Environmental disclosure further entered the mainstream with the FSB's Task Force on Climate-related Financial Disclosure (TCFD), which built on the work of CDP and paves the way for mandatory climate-related disclosures across all G20 countries over time. Through our upgraded disclosure platform, which incorporates the TCFD's recommendations, the 7,000 companies disclosing this year have aligned their disclosures with those recommendations (72% of the listed companies that disclosed through CDP were able to answer between 21 and 25 of the 25 new TCFD questions).

As we have long believed, where there is greater transparency, greater action follows. As showcased by 2018's Global Climate Action Summit, leaders from across the worlds of business and finance are taking the urgent steps required to build a sustainable future for all. The summit was an important and timely reminder of the progress we are seeing across the real economy.

From the 500 companies that are now committed to set science-based emissions reductions targets; to those moving toward 100% renewable electricity; and the investors stepping up to shift their investments to low-carbon, we are seeing tremendous progress in the right direction.

But there is no time for complacency. There are still some serious hurdles in the race towards Paris Agreement implementation. In October 2018, Brazil elected a president whose policies threaten the future of the Amazon rainforest, one of the world's biggest carbon sinks. Meanwhile in the US, President Trump continues to ignore stark warnings on the damage climate change will inflict on the US economy, instead pushing through deregulation and attempting to resurrect the coal industry.

There's also no denying the reality of intensifying climate impacts. From a Europe-wide heatwave to record droughts in Cape Town, hurricanes in the Americas and wildfires in the Arctic, 2018's extreme weather events brought enormous costs to both capital markets and wider society.

To stay below the 1.5°C guardrail, the IPCC tells us the global economy needs to reach net zero-carbon by mid-century and halve emissions by 2030, compared with 2010 levels. This represents nothing short of a complete transformation of the global economy. It is going to take unprecedented co-operative action between companies, investors, cities, states and governments across all sectors. We know that business is key in enabling the global economy to achieve – and exceed – its climate goals. The continued action of these entities will be vital as we go through 2019, the final year before nations update their national climate plans for the Paris Agreement and just as global emissions need to peak.

This is the time for businesses to ramp up action and send a clearer signal to governments that they need the policy ambition to match. Business as usual is no longer an option, but a prosperous and sustainable low-carbon future is achievable, if we choose to rise to the challenge. We must, we can and I believe we will.

Paul Simpson
CEO, CDP



Issues on forest commodities are not only about environmental problems but about all the ESG issues ranging from social issues. Companies are encouraged to deal with these issues by fulfilling their social responsibility and find resolutions through engagement with investors.

Japan has about 25.08 million hectares of forests. About 60% of these forests (about 14.79 million hectares) are natural and the remaining 40% (about 10.29 million hectares) are artificial plantation. The portion of forested land in Japan's national land area (37.8 million hectares) is about 66%, which is second highest after Finland among developed countries. Japan is one of the most forested countries in the world¹. These figures remain almost unchanged for the last 150 years². This is because Japan has been protecting its forests as valuable natural resources based on the policy that any logged trees should be replaced by young plants.

How about the condition of forests in the world? According to 'Global Forest Resources Assessment 2015' by FAO (Food and Agriculture Organization of the United Nations), the total area of forests in the world is about 4 billion hectares and the portion of forests is about 31%. However, the global forest area has been declining. Globally, 3.3 million hectares of forests were lost every year on average between 2010-2015. The decline was particularly significant for tropical forests in areas such as Latin American, Africa, South-East Asia or countries such as Brazil, Indonesia and Nigeria. On the other hand, the area of temperate forests in East Asia, namely in China, India and Vietnam, and forests in Europe increased, which reflects the differences between regions³. Tropical forests are being lost mainly due to commercial agricultural activities expanding to meet the increasing demand for commodities such as palm oil, cattle products, soybean, timber. About 70% of deforested area has been claimed and used for this purpose⁴.

Forests are indispensable not only for humans but also for all the living beings on the planet and are valuable resources for the prevention of global warming as forests absorb carbon dioxide. CDP, as a representative of global institutional investors, encourages companies to deal with risks associated with the production, manufacturing or procurement of cattle products, palm oil, soybean or timber and to disclose information on these risks in order to stop deforestation.

CDP's work on forests started in 2013 and has been carried out for 6 years now. In 2018, CDP sent out questionnaires to 144 Japanese companies and received responses from 42 companies (response rate was 29%). 3 companies voluntarily submitted their responses. The response ratio was extremely low compared to CDP's other programs (as for climate change and water programs, the response rate was 59% and 60% respectively), but is expected to improve in the future. Among Japanese companies, only Fuji Oil Co., Ltd. (palm oil) has made the A list in 2018. Kao Corporation (Palm oil, timber), Uni-Charm Corporation (timber) and Sumitomo Corporation (timber) were recognized as 'A-'.

Meanwhile, the number of institutional investor signatories to this program reached 656 with \$87 trillion in total assets under management. Asset owners, mainly in Europe, act proactively as responsible investors, but how about Japanese investors? To find out the situation, QUICK ESG research Center has interviewed an expert at Resona Bank which focuses on engagement under the theme of palm oil.

Over the period of one year from July 2017, the bank engaged with more than 1,800 companies and was actively involved not only in individual engagement on its own but also in collective engagement. Resona Bank adopts a 'top-down' approach where the bank selects specific ESG themes such as climate change or palm oil, and starts a dialogue with a targeted company. With regard to forest commodities, the bank requests companies to enhance the management of their supply chain.

Issues on forest commodities are not only about environmental problems such as deforestation and loss of biodiversity caused by that, but about all the ESG issues ranging from social issues (i.e. the violation of human rights by child labor or poor working conditions, the violation of local residents' rights, etc.) to governance issues (illegal operation, government corruption etc.). Companies are encouraged to deal with these issues by fulfilling their social responsibility and find resolutions through engagement with investors.

QUICK ESG Research Center, as 'Gold Data Provider' of CDP, will provide evaluation information to domestic investors. We will also, as a 'Scoring Report Partner', continue to support companies in their process of recognizing issues, formulating strategies, execution/ evaluation and disclosing information by utilizing insights provided by our highly professional analysts.

Etsuya Hirose

Senior Executive Officer
ESG Research Center QUICK Corp.

1 Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan, Annual Report on Forest and Forestry in Japan (2017), <http://www.rinya.maff.go.jp/j/kikaku/hakusyo/29hakusyo/attach/pdf/zenbun-40.pdf>

2 Land Institute of Japan

3 Global Forest Resources Assessment 2015, <http://www.fao.org/3/a-i4808e.pdf>

4 UN Environment, Why do forests matter?, <https://www.unenvironment.org/explore-topics/forests/why-do-forests-matter>

Perspective of investors focusing on forest degradation and deforestation risks

In CDP's forests questionnaire, companies are asked to answer a wide range of forest-related questions covering identified forests-related risks and opportunities, their governance system and business strategy, collaboration with suppliers and third-party verification. CDP's forests program adds convenience to companies reporting on forests-risk commodities through its consistency and comparability, and has seen continuous growth since its inception in 2013. Investors are increasingly aware of and interested in forests risks and opportunities as evidenced by the total number of signatories to the program. Investor interest has grown from 184 in 2013 to 656 with US\$87 trillion AUM in 2019.

Norges Bank Investment Management (NBIM) is on one of the largest sovereign funds in the world and is a leading major overseas institutional investor who pays attention to forest degradation and deforestation risks associated with companies in their portfolios. NBIM is responsible for the investment activities of Norway's Government Pension Fund Global (GPF) with assets under management totaling over US\$ 1 billion (about 114 billion yen).

NBIM focuses on themes such as climate change and water management, ocean sustainability, children's rights, anti-corruption, tax and transparency and communicates clearly its expectations for companies through a series of reports, such as its Expectations towards Companies. In its report on climate change, NBIM requests boards of companies in its portfolio to assess deforestation risks throughout their supply chains and disclose how they are addressing the issues, underscoring an important role that forests can play in reducing greenhouse gas emission⁵.

As a long-term investor and universal owner who invests in more than 9,000 companies worldwide, NBIM actively engages with companies in its portfolio. In 2018, it engaged with over 1,420 companies on more than 3,000 occasions. Its engagement activities under the theme of deforestation include dialogues with traders of soy and cattle in Brazil as well as Indonesian and Malaysian banks on their investment policies for palm oil manufacturers.

In 2018, following governance and sustainability risk assessments, NBIM decided to divest from two companies involved in the production of palm oil and one natural rubber producer as the way they produced these commodities was considered unsustainable⁶.

Some investors collaborate in their efforts to manage forest degradation and deforestation risks within their portfolio to fulfill their stewardship responsibilities. For example, institutional investors who have signed to UN's Principles for Responsible Investment (PRI) have been promoting their activities as active owners through PRI's collaboration platform, including seven collaborative engagements under the theme of deforestation, eight working groups and seven shareholder proposals (accumulated total since 2011)⁷.

Having seen these moves among global investors, QUICK ESG Research Center has decided to find out how Japanese institutional investors consider the risk of deforestation and how they engage in stewardship activities. Therefore, we conducted an interview with Mr. Minoru Matsubara, the Chief Manager of the Asset Management Division in Responsible Investment Group at Resona Bank, Ltd., to ask about the purpose of engagement activities and specific cases the bank experienced.

Resona Bank (total asset under management: over 20 trillion yen (over US\$200 billion)), as a universal owner, tries to improve the sustainability of its business by proactively encouraging companies to integrate ESG elements into their long-term business strategies, as well as working on engagement for passive funds by selecting engagement themes using a top-down approach to deal with external diseconomies. The bank engaged with over 1,800 companies over a period of one year (from July 2017)⁸.

5 Norges Bank Investment Management, CLIMATE CHANGE STRATEGY EXPECTATIONS TOWARDS COMPANIES, https://www.nbim.no/contentassets/e3f8e013de754cad905b686bdb50f76a/nbim_climatechange_2019_web.pdf

6 Norges Bank Investment Management, Responsible Investment 2018, 7 February 2019, <https://www.nbim.no/en/publications/reports/2018/responsible-investment-2018/>

7 PRI Collaboration platform: <https://collaborate.unpri.org/explore/?he=off&d=off&hd=on&hg=on&sp=pub&po=0&sc=line&pg=0&q=Deforestation> PRI's collaboration platform is a web-based platform that allows signatories to seek for partners for their collective engagements, share information and request to support shareholder proposals with the purpose of enhancing their influence on ESG issues.

8 Resona Bank 'Stewardship report for 2018/2019' https://www.resonabank.co.jp/nenkin/sisan/pri/pdf/stewardship_report2018-2019.pdf

Q: Why are you focusing on issues related to deforestation in your stewardship activities?

We think the issues related to deforestation are important for two reasons. Firstly, we encourage companies in our portfolio to enhance the management of their supply chains. Secondly, we expect the ability of forests to absorb and store carbon dioxide is effective in reducing the impacts caused by climate change in terms of external economies. We conduct not only direct engagement by our Responsible Investment Group but also collaborative engagement.

For example, since 2017, we have been working on engagement under the theme of 'sustainable procurement of palm oil'. Palm oil is the most widely used vegetable oil that comes from fruit grown on the African oil palm tree. The problems with palm oil include environmental issues caused by deforestation as a result of plantation development, as well as social issues such as child labor and conflicts with indigenous peoples over land rights. While palm oil is produced mainly in Asian countries such as Malaysia and Indonesia, many Japanese companies are involved in its supply chain - including companies using products made from palm oil. Therefore, we encourage the companies in our portfolio to achieve 'sustainable procurement of palm oil' through direct dialogue with them.

We also participate in collaborative engagement led by PRI which focuses on deforestation risks related to cattle. As targeted companies for this engagement are based either in Latin America (mainly in Brazil) or in the US, we collect information or provide advice to these companies in the form of collaborative engagement. Although the current theme is cattle, we plan to pick up other themes such as soybean, timber, paper/pulp in the future and it is highly likely that Japanese companies become targets of the engagement.

Q: How do you prioritize engagement themes?

We list up ESG issues through dialogue with stakeholders such as NGOs, external experts, government officers, various organizations and prioritize them by engagement themes using a top-down approach.

Q: How do you actually conduct engagement activities?

As an example, I will explain our activities under the theme of 'sustainable procurement of palm oil'. There are many companies, from upstream to downstream, involved in the palm oil industry. Our engagement started with downstream companies including retailers and food manufactures whose positions are much closer to consumers, and then shifted to upstream companies such as refineries/chemical companies, companies engaged in compression/primary purification, palm oil plantation operators and so on.

Initially, we explained the environmental and human rights risks caused by the palm oil supply chain. For downstream companies, we then checked progress on their activities toward 'sustainable procurement of palm oil', introduced examples of companies who are taking progressive approaches, and made direct dialogue to encourage companies to participate in RSPO (The Roundtable on Sustainable Palm Oil) or to take actions consistent with RSPO standards. We required upstream companies to disclose the progress they made towards the implementation of NDPE (No Deforestation, No Peat, No Exploitation) principles.

Q: How do you measure the effects of engagement?

Our ultimate goals are to achieve attractive returns as a long-term investor with a universal perspective as well as to raise the overall level of the Japanese equity market (TOPIX). However, we consider the actual changes in corporate behaviors as our KPI (key performance indicators) to assess the effects of engagement. For example, we watch the number of companies participating in RSPO or disclosing integration reports. We also pay attention to changes happening in companies along their journey to reach goals of engagement and actions they have actually taken.

Q: How do you utilize scores and questionnaire responses gathered by CDP's work on forests?

We do not just check the scores but use them for monitoring and examining the performance of companies in our portfolio. In future, we may use them as reference materials in our engagement activities. We would like to seek further usage from now on.

Cattle products, soy, palm oil, and timber are the commodities responsible for the greatest proportion of deforestation globally. CDP's forest program works with companies and other stakeholders to remove deforestation from the corporate supply chains of these commodities.

Forests help regulate the climate, supply water, control pollution and soil erosion, and protect biodiversity. Yet the overall rate of commodity-driven deforestation has not declined since 2001⁹. 5 million hectares of forests have been lost on average each year between 2001 to 2015 due to the production of commodities such as palm oil or soy^{10,11}.

Forests, water security, and climate change are closely intertwined. The most reported physical risks related to deforestation disclosed to CDP in 2018 were climate- and water-related—the risks of increased severity of extreme weather events and changes in precipitation patterns.

CDP's forests program aims to drive six key management behaviors in companies:

Transparency

239 companies responded to the investor request for forest information via CDP, an 18% increase from 2017. This represents a 21% response rate. 176 companies reported on timber, 90 on palm oil, 63 on soy and 54 on cattle products. In 2018, CDP asked companies to report information on rubber for the first time; 16 companies did so.

Governance & strategy

Over 75% of responding companies (185) report that their boards have oversight of forest-related issues, while around two-thirds (164) have a public forest policy in place or report that forest issues are factored into their long-term strategic business planning (154). Just over half (126) of companies achieve all three elements.

Targets & goals

Around two-thirds (154) of companies also have also made a public commitment to either or both reduce or remove deforestation forest degradation from their direct operations and/or supply chain. A similar number of companies, 156 (65%), report having quantified targets for increasing sustainable production and/or consumption of used commodities.

Measuring & monitoring

In order for companies to assess corporate risk and deforestation impact, they must know how much of a commodity features in their company footprints and where it comes. 68% (163) of companies reported production and consumption data for the commodities they produce or use. 183 companies (76%) reported having traceability systems in place to track and monitor the origins of the commodities they use.

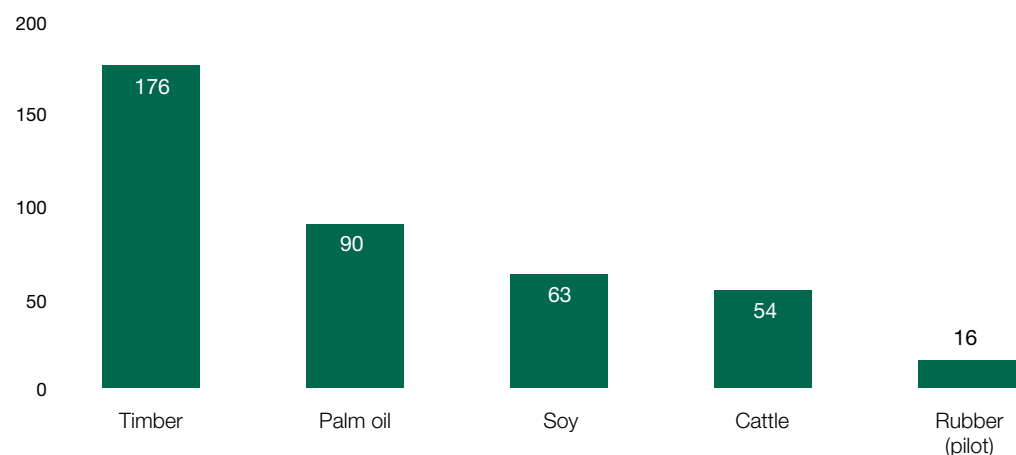
Risk assessment

190 (79%) companies undertake forest-related risk assessments. Robust forest-related risk assessments that take into account relevant value stages and stakeholders enable companies to better understand and mitigate their forest-related risks.

Value chain engagement

Deforestation in corporate value chains is a complex problem that requires collaboration among different stakeholders within the chain and externally. 164 (68%) companies engage in stakeholder initiatives or with communities, NGOs, and policy makers on forest-related issues.

Figure 1. Global responses to CDP forests 2018 by commodity



⁹ Curtis, P., Slay, C., Harris, N., Tyukavina, A. and Hansen, M. (2018). Classifying drivers of global forest loss. *Science*, 361(6407), pp.1108-1111.

¹⁰ Ibid.

¹¹ <https://news.mongabay.com/2018/09/whatscausing-deforestation-new-study-reveals-globaldrivers/>

A list of companies

Manufacturing

FUJI OIL HOLDINGS INC. (Japan): Palm oil

Beiersdorf AG (Germany): Palm oil

BillerudKorsnäs (Sweden): Timber

FIRMENICH SA (Switzerland): Palm oil

L'Oréal (France): Palm oil

TETRA PAK (Sweden): Timber

Materials

UPM-Kymmene Corporation (Finland): Timber

Current status of deforestation

Table 1. Annual average loss of global forests area (subtracting reforested areas)

Year	Net annual average loss of global forest area (1000ha)
1990-2000	7266.73
2000-2010	3992.93
2010-2015	3307.87

Source: The Global Forest Resources Assessment 2015 (FRA 2015 Results)

Table 2. Potential Risks of Companies Relating to Forests

Transition risks	
Market Access Risk	Risks caused by changes in consumer and retailer preferences towards more sustainably-sourced goods
Policy Risk	Introduction of more stringent deforestation-free policies by producers may restrict the company's business practices and strand existing land assets
Regulatory Risk	Companies could face higher costs or fines from the stronger enforcement of existing regulation or the introduction of new laws
Reputational Risk	Links to illegal deforestation and environmental damage could damage the company's reputation
Physical Risks	
Physical Risk	Deforestation contributes to temperature increases which could lead to a reduction in crop yields and an increase in costs.

Source: Global canopy, Linking deforestation risks to investment value, November 2017

Current status of deforestation

Forests are indispensable resources not only for human beings but also for all the living beings on the planet. In 1990, the total area of forests in the entire world was 4.128 billion hectares, but decreased to 3.999 billion hectares in 2015, shrinking by 129 million hectares during this period. The portion of forests in the total land area declined from 31.7% to 30.7% in the same period, meaning forests equivalent to 1% of total land area have been lost¹².

Table 1 shows the annual average loss of global forest area based on data published by Food and Agriculture Organization (FAO) of the United Nations. The annual average loss was about 7.27 million hectares in the 1990's and about 3.99 million in the 2000's, while it was 3.31 million hectares during 5 years from 2010 to 2015. The pace of decrease has been slowing recently. Nevertheless, about 3.31 million hectares of forests area (about 15 times size of Tokyo metropolitan area) is still being lost every year. The trends in forest area loss differ by region (Figure 2). While the forest area has been increasing in East Asia and Europe, the area of forests continues to decrease mainly in Latin America, Africa and South-East Asia.

Agricultural activities account for about 70% of all cases of tropical forest loss. The deforested area has been claimed and used to meet the rising demand for agricultural and livestock products including palm oil, cattle products, soy, timber, pulp and paper¹³. According to Ministry of Agriculture, Forestry and Fisheries of Japan, 16 % of soy, 99% of palm oil, and 30% of timber consumed in Japan are imported from countries in tropical regions such as Latin America and South-East Asia (Brazil, Indonesia, Malaysia and so on).

Furthermore, it is concerning that the expansion of rubber plantations in South-East Asia can be one of the causes of recent deforestation as nearly 100% of natural rubber imported to Japan is produced in that area (Figure 3). Therefore, although deforestation is the problem faced mainly by countries in tropical areas, Japan has considerable impact on it through the import of raw materials. Companies considering themselves totally unrelated to these issues might possibly be exposed to deforestation risks via their supply chains.

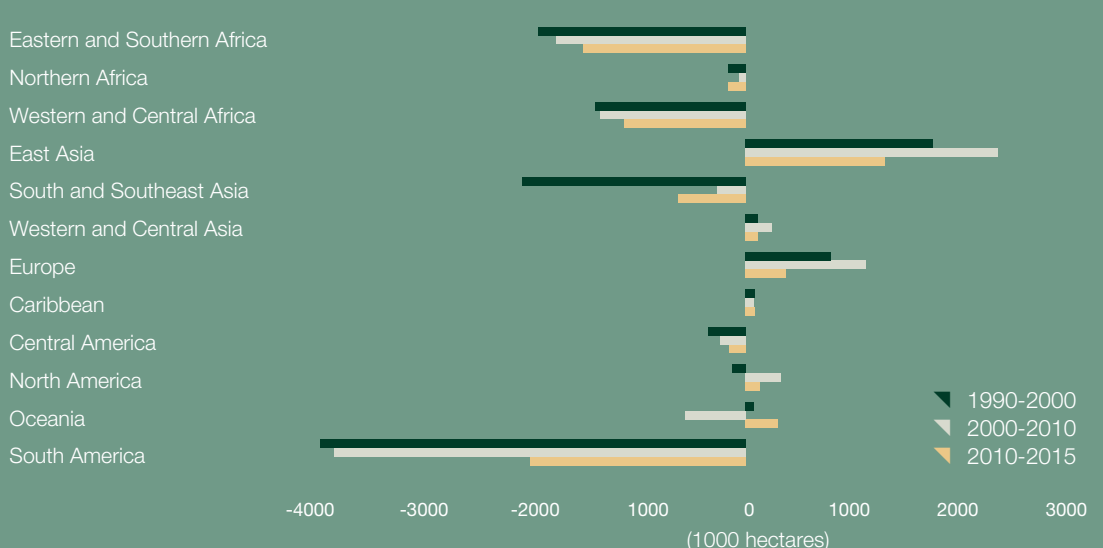
Deforestation risks faced by companies and investors' concerns

Forests have multiple functions including conservation of biodiversity, absorption and storage of carbon dioxide, soil preservation and prevention of land erosion, production of forestry products such as timber, regulation of water supplies, as well as cultural and educational functions or a place of peace and relief.

Table 2 is the summary of potential risks faced by companies that have some connection to forests. The fact that forests with many functions are being destroyed could pose various risks, including stronger enforcement of existing regulations or introduction of new laws, changes in consumer preferences and reputational risks to companies linked to deforestation.

It is critical for investors to identify investment risks associated to investee companies in their portfolios. Growing awareness of ESG investment in recent years has led to increased investor attention to deforestation as it could pose various risks to companies. In addition, as deforestation has an influence on the foundation of the economy itself including a significant impact on climate change, it is also drawing the attention of 'universal owners'.

Figure 2. Forest loss area by region

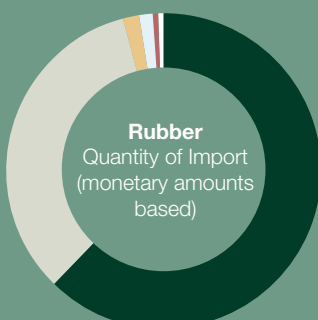
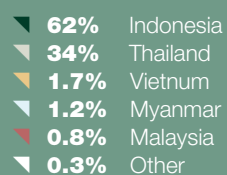
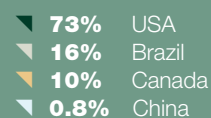
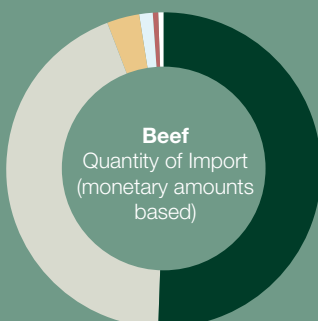
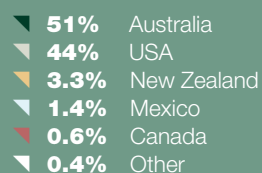
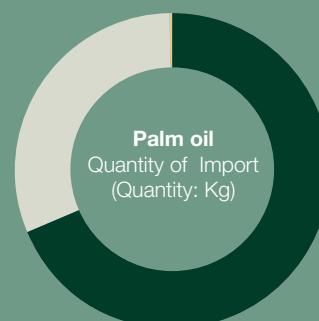
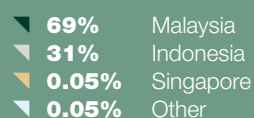
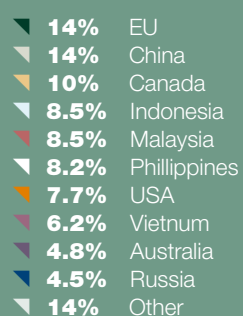


Source: The Global Forest Resources Assessment 2015 (FRA 2015 Results)

¹² Food and Agriculture Organization of the United Nations, Zero-deforestation commitments, 2018, <http://www.fao.org/3/i9927en/i9927EN.pdf>

¹³ UN Environment, Why do forests matter?, <https://www.unenvironment.org/explore-topics/forests/why-do-forests-matter>

Figure 3. Importing country by forest-related commodities in Japan in 2017



Japanese company response to CDP Forests 2018

30%

Response rate of Japanese Companies (42/139)

CDP's forests questionnaire provides a platform for companies to disclose information on risks associated with the production or procurement of agricultural and livestock products — one of the drivers of deforestation. Targeted commodities are timber, palm oil, soy and cattle products.

In 2018, CDP requested 139 Japanese companies to answer the questionnaire and received responses from 42 companies (response rate of 30%). Three companies voluntarily submitted their responses. The number of Japanese companies requested to provide responses has increased by 31 from 108 in the previous year due to the revision to CDP's sample setting methodology. The revised methodology for 2018 is as follows¹⁴:

<CDP Forest sample setting methodology>

CDP identifies the world's largest publicly listed companies by market capitalization that can directly or indirectly drive deforestation or be impacted by deforestation risks from one or more of the five deforestation causing commodities or their derivatives: palm oil, soy, timber, cattle products, natural rubber. CDP works with other leading NGOs to ensure those companies selected by our methodology are the most at risk or could have the most impact upon forests and to supplement the lists of such public companies with their private peers.

The response rate to CDP's forests questionnaire was lower compared to other CDP questionnaires (for climate change and water, the rate was 59% and 60% respectively), but is expected to improve in the future.

Response rate by sector

The response rate differs across sectors, for example, the number of companies responding is considerably higher in Services (91%), and Materials (67%). However,

the rates for Hospitality (20%) and Retail (7%) are relatively low and it is 0% for Apparel, Power generation, and Transportation services showing a great variability among sectors (Table 3).

Out of 42 companies including voluntary responses that submitted responses, the number of companies that disclosed information on timber, palm oil, cattle and soy are 32, 11, 7 and 10 respectively (Figure 4).

Risk assessment

30 companies (71% of all respondents) reported that they conduct assessments of forest-related risks. Most of them replied that the frequency of monitoring forest-related risks in their direct operations/supply chain is 'annually' or 'six-monthly or more frequently'. In addition, they undertake assessments of forest-related risks not by using a specified methodology but by combining several methods including their own methodology, FSC's Global Forest Registry, or the use of external consultants (Table 4).

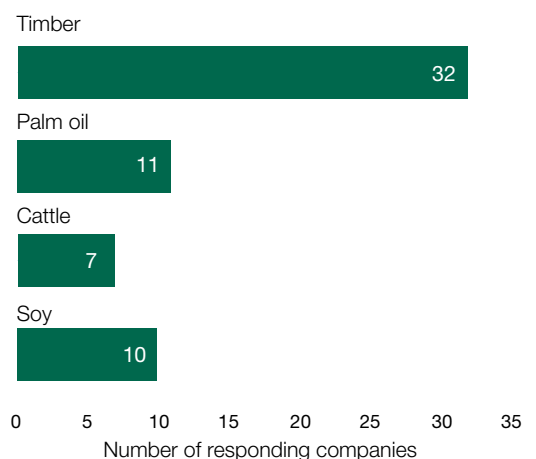
More than 60% of respondents identified 'availability and quality of forest risk commodities' and 'regulations' as the elements factored into assessment of forest-related risks, while less than 50% of all the respondents considered 'loss of markets' or 'impact on the society' (Figure 5). Over 60% of respondents replied that they always consider customers, suppliers and regulators as stakeholders to be factored into forest-related risk assessments, while less than 50% companies always consider NGOs and local communities (Figure 6). As forests have multiple functions, the elements to be factored into risk assessments differ by company. Therefore, each company is expected to recognize its specific connection to deforestation-related commodities and factor into elements and stakeholders best suited to its own business reality when assessing forest-related risks.

Table 3. Number of questions sent and number of respondents by sector

Sector	Number of responses	Number of requested companies	Response rate
Apparel	0	2	0%
Infrastructure	10	29	34%
Retail	1	5	20%
Services	6	23	26%
Food, beverage & agriculture	9 (11)	30	30%
Manufacturing	4	6	67%
Materials	0	1	0%
Power generation	2	27	7%
Hospitality	10	11	91%
Transportation services	0 (1)	5	0%

Note: The figure between brackets indicates the number including the voluntary responding companies.

Figure 4. Number of responses by commodities (N=42)



¹⁴ Until 2017, samples were selected by using MSCI ACWI ALL Cap Index and Global Canopy Programme's Forest Ranking

¹⁵ This report outlines the results of the analysis of information provided by 42 companies, including voluntary responses and excluding 3 companies for which their parent companies responded.

Table 4. Tools and methods used to identify and assess forest-related risks (N=30)





				
	Timber	Palm oil	Cattle	Soy
Number of companies conducting forest-related risk assessment in their direct operations or supply chain	25	6	2	4
Frequency of assessment of Forest-related risks				
Annually	15	2	1	1
Six-monthly or more frequently	8	3	1	2
Every two years	1	1	0	1
Tools and methods used to identify and assess risks (Number of responses, multiple answer choices)				
FSC Global Forest Registry	10	1	N/A	1
Internal company methods	24	6	2	6
External consultants	11	4	N/A	N/A
Trase	5	2	N/A	N/A
Global Forest Watch Commodities (GFW Commodities)	2	N/A	N/A	N/A
Sustainability Policy Transparency Toolkit (SPOTT)	4	N/A	N/A	N/A
National specific tools and databases	2	N/A	N/A	N/A
IBAT for Business	N/A	N/A	N/A	N/A
Other	6	1	N/A	N/A

Figure 5. Always considered factors in forest-related risks (N=42)

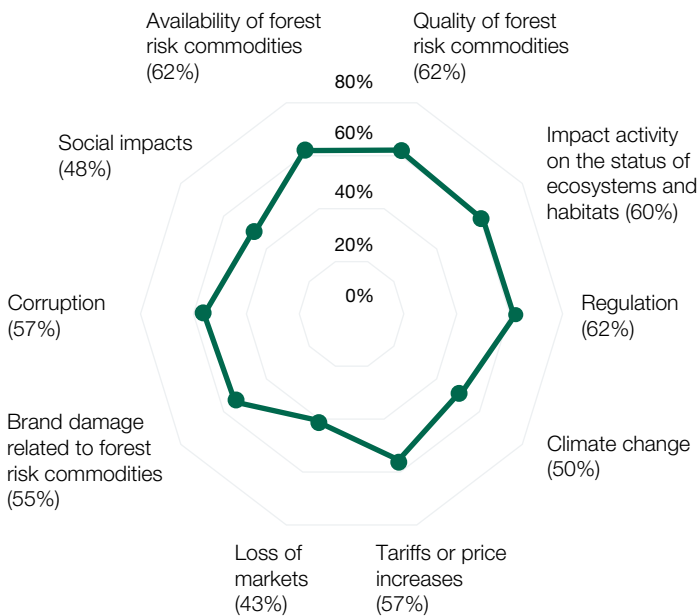


Figure 6. Always considered stakeholders in forest-related risks (N=42)

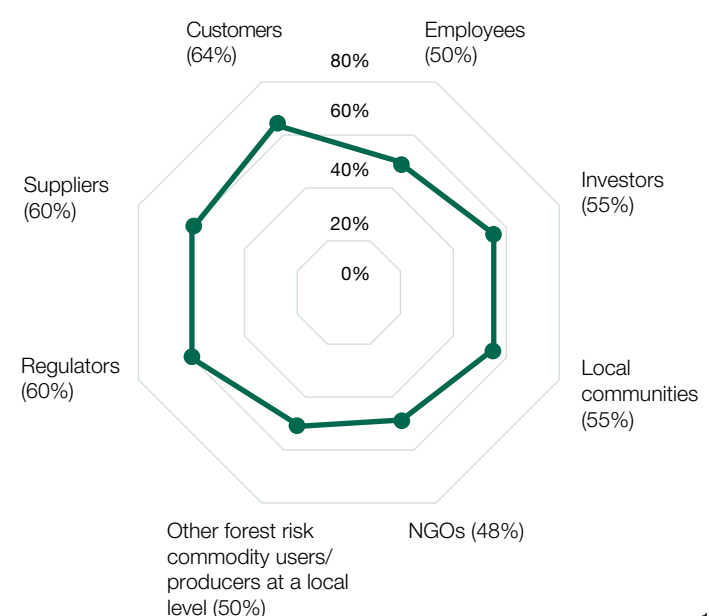


Figure 7. Frequency that forest-related issues are a scheduled agenda item at Board of Directors' meetings (N=42)

- Scheduled - all meetings
- Scheduled - some meetings
- Sporadic - as important matters arise
- No answer

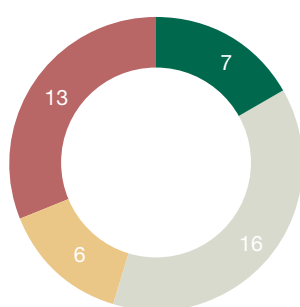
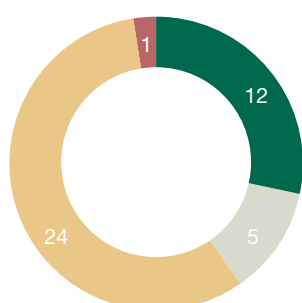


Figure 8. Provision of incentives to executive managers or directors for addressing forest-related issues (N=42)

- Yes
- No, not currently but we do plan to introduce them in the next two years
- No
- No answer



Risks and opportunities

Some companies have identified forest-related matters not only as risks but as opportunities for their business and disclose information on them. Table 5 illustrates the ratio of companies that report having identified both forest-related risks and opportunities that could have a significant impact on them financially or strategically. As for timber and palm oil, over 70% of companies have identified opportunities as well as risks. 'Increased brand value' is also the most commonly reported forest-related opportunity among these respondents.

One of the companies that identified forest-related opportunities is **Fuji Oil**. Through a tie-up with plantations producing competitive and sustainable palm oil, the company produces high value-added palm oil products, which it then sells in Europe and US where demand for sustainable palm oil is increasing.

As for cattle and soy, the ratio of the respondents who identified forest-related risks was 33% and the ratio of those who identified forest-related opportunities was also 33%, suggesting that both risks and opportunities have yet to be duly recognized. There were fewer companies disclosing information on cattle and soy through CDP's forest questionnaire than those disclosing on timber. Companies linked to these commodities are encouraged to identify risks and opportunities they (and their supply chains) are exposed to.

Governance

The number of companies who responded that they have forest-related policies in place was 35 (83% of

all respondents). Of which, 22 companies said they have policies specific to timber, 6 companies have palm oil specific policies, while no companies have specific policies in place for cattle and soy.

As for a governance system, 30 companies (71% of all respondents) reported that the board of directors oversees forest-related issues. On the frequency that forest-related issues are a scheduled agenda item, 23 companies (more than 50%) said either 'all meetings (7 companies)' or 'some meetings (16 companies)' feature forest-related issues (Figure 7). Meanwhile, the number of companies that provide incentives to executive managers or directors for addressing forest-related issues was 12 (less than 30% of all respondents) (Figure 8). **Kao** is one of the companies providing financial incentives to those who are involved in activities to address forest-related issues. The company stated that they evaluate the performance of the Chief Purchasing Officer (CPO) through a comprehensive assessment of achievements on several business performance targets including zero-deforestation and they pay a performance-based bonus.

Response to forest degradation and deforestation

Nearly 60% of responding companies (25) reported that they made a public commitment to prevent deforestation. **Kao** is the only Japanese company that has signed to the New York Declaration of Forests which was endorsed at the United Nations Climate Summit in 2014. The declaration includes a target to 'end deforestation caused by agricultural and livestock products such as palm oil, soy, paper/pulp, and cattle by 2020 at the latest'.







We have identified opportunities to deliver products which meet rising demand for sustainable palm oil, by creating supply chain which enables us to buy palm oil products manufactured in a manner to consider environmental and human rights issues.

In November 2017, we set up UNIFUJI in Malaysia as a joint company with UNITED PLANTATIONS who has competitive strength in the production of sustainable palm oil. UNIFUJI engages in fractionation of palm oil and production of high value-added oil palm products using sustainable palm oil (consider environment and human rights issues) manufactured by UNITED PLANTATIONS, and sells them in Europe and US where the demand for sustainable palm oil is increasing.

Fuji Oil Holdings



Table 5. Ratio of companies replied that they 'have identified' forest-related risks and opportunities and factors of identified opportunities (N=42)

	 Timber	 Palm oil	 Cattle	 Soy
Ratio of companies that report having identified forest-related risks which could have significant impact financially and strategically	81%	70%	33%	33%
Ratio of companies that report to having identified forest-related opportunities which could have a significant impact financially and strategically	77%	78%	33%	33%
Forests-related opportunities (Number of responses)				
Increased brand value	12	3	2	2
Expansion into new markets	4	2	N/A	1
Increased R&D and innovation opportunities	4	N/A	N/A	N/A
Driving demand for sustainable materials	4	N/A	N/A	N/A
Increased capacity of sustainable commodity markets	4	2	N/A	1
Increased security of production	4	N/A	N/A	N/A
Cost savings	1	N/A	N/A	N/A
Improved response to regulatory changes	1	N/A	N/A	N/A
Increased efficiency of manufacturing and/or distribution processes	1	N/A	N/A	N/A
Other	1	N/A	1	N/A



The company identifies palm oil mills from Tier-1 supplier information, and maps all risks based on land usage within 50 km of each mill. Palm oil mills near reserved forests or peatlands may negatively impact the natural habitat, or receive palm fruit bunches from palm plantations that are destroying the forests.

Kao visits these high-risk mills with specialists, checks the state of their operations, and as needed, requests improvements while then paying close attention to future developments. To identify small-scale farmers, started using a system for establishing global agriproduct traceability. If the company finds suppliers contributing to deforestation, or that do not respect the rights of native residents, it will request them to improve the situation or it will consider cancelling their business transactions.



One of the efforts being made by Kao Corporation is to trace back the source mills of its Tier 1 palm oil supplier and to map all risks based on land usage within 50 km of each mill. Kao visits mills which may negatively impact the environment or human rights with specialists, and checks the state of their operations and requests improvements if necessary. The company discloses the details of these activities.

25 companies replied that they have a traceability system in place to trace and monitor commodities.

Fuji Oil tries to trace the origin of its palm oil not only to country/region level but to individual mills and sets a quantitative target to achieve complete traceability to mills by 2020. The company also encourages suppliers with poor traceability to achieve high traceability through dialogue or re-examination of their supply chains.

Engagement with suppliers

Companies taking actions on deforestation issues including within their supply chains actively collaborate with Tier 1 and Tier 2 suppliers. 27 companies (64% of all respondents) replied that they 'work with first-tier suppliers to improve their abilities to supply sustainable raw materials'. Furthermore, 18 companies reported that they work beyond the first-tier with suppliers further up the supply chain to manage and reduce forest-related risks.

For example, **Fuji Oil** explained its efforts to support smallholders in Sabah, Malaysia. The company, in collaboration with an NGO and Tier 1 suppliers, provided educational support for four years with the aim of improving the productivity and working environment of approximately 110 smallholders there. 55 smallholders that received its support obtained RSPO certification in May 2017. One of the smallholders commented that 'the amount of pesticide used has decreased, leading to cost reduction'. The company aims to continue to provide support by emphasizing dialogue with local residents.

Third party verification

CDP encourages companies to acquire verification for their disclosed information. While CDP states in its questionnaire guidance that 'there is no established third-party verification standards pertaining to forests', it requests companies to disclose verification standards currently in use to further future development of its questionnaire. The number of Japanese companies using third party verification schemes is still limited, and only 9 companies replied that they 'use third party verification schemes' (including companies whose verification was reported to be in progress at time of disclosure).

Meanwhile, 16 companies stated that they are actively considering starting to use third party verification schemes within 2 years or are waiting for verification standards to be established and 9 companies replied that they 'have no plans to use them'.

Sumitomo Forestry is using third party certification systems to verify part of the data submitted to CDP and discloses the status of certifications, including FM (Forest Management), PHPL (Pengelolaan Hutan Produksi Lestari), SGECS (Sustainable Green Ecosystem Council) as verification of disclosed data on the area of certified plantations.

Scoring

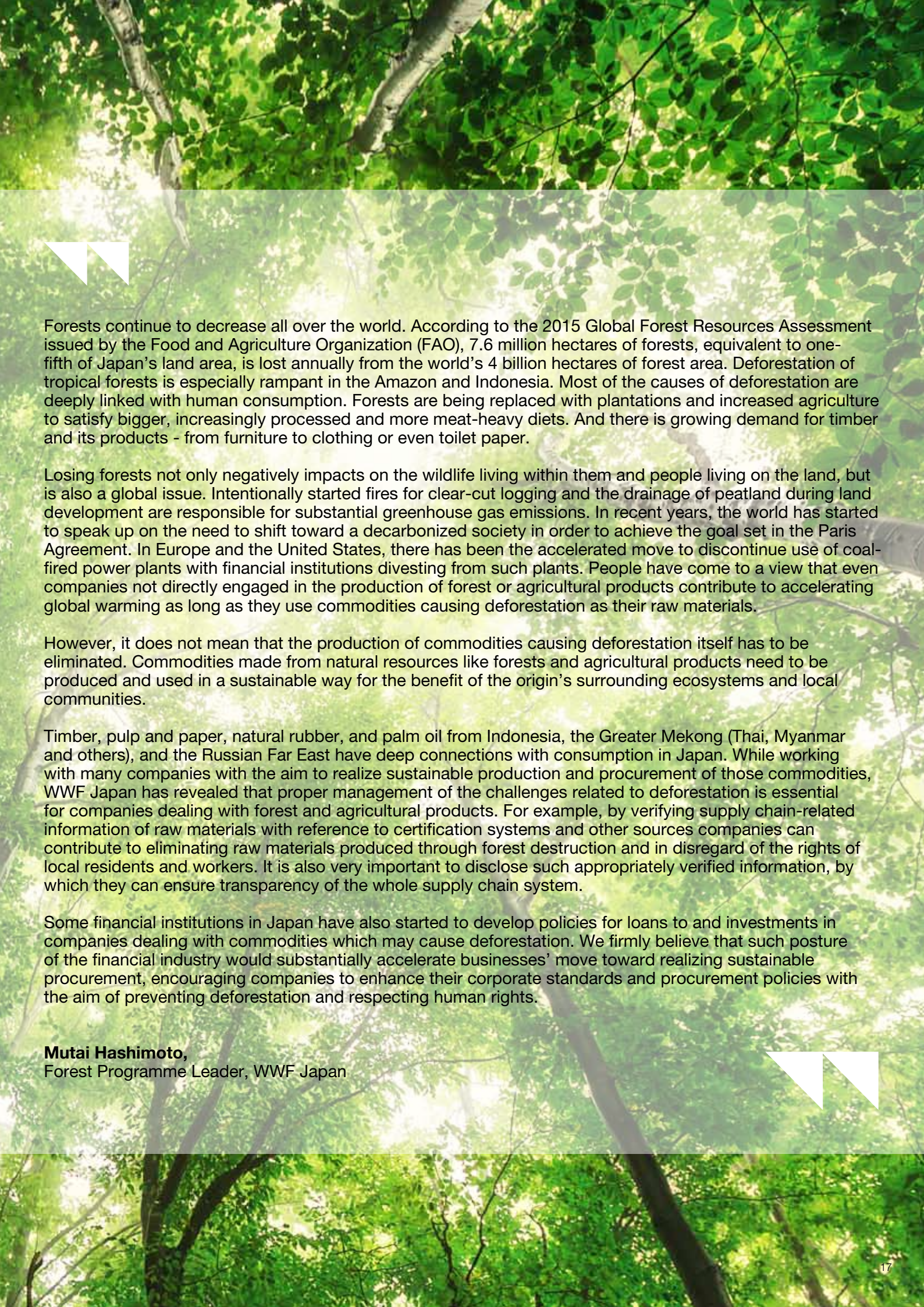
CDP awards companies final scores in 8 levels (A to D-). Companies' responses are assessed by four categories: 'disclosure', 'awareness', 'management' and 'leadership'. For the last two, weightings are applied to each theme of the questionnaire in each sector. For forests, scores are awarded separately for each of the four commodities. This year, **Fuji Oil** was the only Japanese company which made the A list, it did so for palm oil. Three Japanese companies were awarded A-: **Kao** for timber and palm oil, **Unicharm** for timber and **Sumitomo Corp.** for timber.

Conclusion

Forests have multiple functions which bring benefits to the public and are indispensable resources to living beings on the earth. Their ability to absorb and store carbon dioxide is considered part of the solution to prevent global warming. Deforestation is a serious issue particularly in tropical areas, however, it is not an issue unrelated to Japanese companies as they using raw materials imported from these areas. Importantly, companies should not only consider the direct impact of forest-related risks but also enhance their practices including supply chain management.

Institutional investors who are active in addressing issues related to forest degradation and deforestation encourage companies in their portfolios to disclose their actions on these issues, as a part of their effort to fulfill stewardship responsibilities and also from a standpoint of universal owners trying to mitigate investment risks. By replying to CDP's forest questionnaire, companies can not only understand forest-related risks and opportunities more easily, but also promote more effective engagement with external stakeholders leading to better mutual understanding.

One of the problems with Japanese companies regarding CDP's forest questionnaire is the low response rate. Several Japanese companies do take a progressive approach to solve issues and disclose information more actively, further widening a gap with companies that did not respond to the questionnaire. If more companies dealt with forest-related issues and became more proactive in disclosing information, it would lead to a more constructive dialogue between investors and companies as well as more sustainable use of forest resources and progress towards resolutions.



Forests continue to decrease all over the world. According to the 2015 Global Forest Resources Assessment issued by the Food and Agriculture Organization (FAO), 7.6 million hectares of forests, equivalent to one-fifth of Japan's land area, is lost annually from the world's 4 billion hectares of forest area. Deforestation of tropical forests is especially rampant in the Amazon and Indonesia. Most of the causes of deforestation are deeply linked with human consumption. Forests are being replaced with plantations and increased agriculture to satisfy bigger, increasingly processed and more meat-heavy diets. And there is growing demand for timber and its products - from furniture to clothing or even toilet paper.

Losing forests not only negatively impacts on the wildlife living within them and people living on the land, but is also a global issue. Intentionally started fires for clear-cut logging and the drainage of peatland during land development are responsible for substantial greenhouse gas emissions. In recent years, the world has started to speak up on the need to shift toward a decarbonized society in order to achieve the goal set in the Paris Agreement. In Europe and the United States, there has been the accelerated move to discontinue use of coal-fired power plants with financial institutions divesting from such plants. People have come to a view that even companies not directly engaged in the production of forest or agricultural products contribute to accelerating global warming as long as they use commodities causing deforestation as their raw materials.

However, it does not mean that the production of commodities causing deforestation itself has to be eliminated. Commodities made from natural resources like forests and agricultural products need to be produced and used in a sustainable way for the benefit of the origin's surrounding ecosystems and local communities.

Timber, pulp and paper, natural rubber, and palm oil from Indonesia, the Greater Mekong (Thai, Myanmar and others), and the Russian Far East have deep connections with consumption in Japan. While working with many companies with the aim to realize sustainable production and procurement of those commodities, WWF Japan has revealed that proper management of the challenges related to deforestation is essential for companies dealing with forest and agricultural products. For example, by verifying supply chain-related information of raw materials with reference to certification systems and other sources companies can contribute to eliminating raw materials produced through forest destruction and in disregard of the rights of local residents and workers. It is also very important to disclose such appropriately verified information, by which they can ensure transparency of the whole supply chain system.

Some financial institutions in Japan have also started to develop policies for loans to and investments in companies dealing with commodities which may cause deforestation. We firmly believe that such posture of the financial industry would substantially accelerate businesses' move toward realizing sustainable procurement, encouraging companies to enhance their corporate standards and procurement policies with the aim of preventing deforestation and respecting human rights.

Mutai Hashimoto,
Forest Programme Leader, WWF Japan

Appendix 1: CDP Scoring

Scoring at CDP is mission-driven, focusing on CDP's principles and values for a sustainable economy and as such scores are a tool to communicate the progress companies have made in addressing environmental issues, and highlighting where risks may be unmanaged. CDP has developed an intuitive approach to presenting scores that highlight a company's progress towards leadership using a 4 step approach: **Disclosure** which measures the completeness of the company's response; **Awareness** which intends to measure the extent to which the company has assessed environmental issues, risks and impacts in relation to its business; **Management** which is a measure of the extent to which the company has implemented actions, policies and strategies to address environmental issues; and **Leadership** which looks for particular steps a company has taken which represent best practice in the field of environmental management.

CDP's 2018 questionnaires take a sector focused approach, under this new approach, each of CDP's questionnaires has general questions alongside sector-specific question aimed at high impact sectors.

The scoring methodology clearly outlines how many points are allocated for each question and at the end of scoring, the number of points a company has been awarded per level is divided by the maximum number that could have been awarded. The fraction is then converted to a percentage by multiplying by 100.

In order to better focus on key data points and provide a more detailed breakdown of a company's score, each question falls into a scoring category. Different weightings will be applied amongst sector scoring categories, and the number of points achieved per scoring category are used to calculate the final score for Management and Leadership levels, according to the scoring category weighting.

A minimum score and/or the presence of a minimum number of indicators on one level will be required in order to be assessed on the next level. If the minimum score threshold is not achieved, the company will not be scored on the next level. The final letter grade is awarded based on the score obtained in the highest achieved level. For example, Company X achieved 88% in Disclosure level, 82% in Awareness and 65% in Management will receive a B. If a company obtains less than 44% in its highest achieved level (with the exception of Leadership), its letter score will have a minus. For example, Company Y achieved 81% in Disclosure level and 42% in Awareness level resulting in a C-.

Public scores are available in CDP reports, through Bloomberg terminals, QUICK terminals, Google Finance and Deutsche Boerse's website. CDP operates a strict conflict of interest policy with regards to scoring and this can be viewed at <https://www.cdp.net/scoring-conflict-of-interest>.

		Threshold
A	Leadership	60-100%
	A-	0-59%
B	Management	45-65%
	B-	0-44%
C	Awareness	45-79%
	C-	0-44%
D	Disclosure	45-79%
	D-	0-44%

F = Failure to provide sufficient information to CDP to be evaluated for this purpose¹⁵

¹⁶ Not all companies requested to respond to CDP do so. Companies who are requested to disclose their data and fail to do so, or fail to provide sufficient information to CDP to be evaluated will receive an F. An F does not indicate a failure in environmental stewardship.

Appendix 2:

CDP Forests 2018 Japanese companies

Company	Questionnaire Sector ^a	2018 Score ^b				2017 Response status ^c	Undertaking forests-related risk assessment	Having a policy that includes forests-related issues	Board level oversight of forests-related issues	Making a public commitment	Commodities worked with direct suppliers ^d	Commodities worked beyond direct suppliers ^d	Verification of forests information ^e	
		Timber	Palm oil	Cattle	Soy									
Apparel														
Asics Corporation	General	F				NR								
Wacoal Holdings Corp.	General	F				NR								
Food, beverage & agriculture														
Ajinomoto Co.Inc.	FBT	B	B		C	AQ	Yes	Yes	Yes	Yes	T, P, S	T, P, S	Waiting	
Calbee, Inc.	FBT	F				NR								
Ezaki Glico Co., Ltd.	FBT	F				NR								
FUJI OIL HOLDINGS INC.	FBT		A		B	AQ	Yes	Yes	Yes	Yes	P	P	In 2 years	
HOUSE FOODS GROUP INC.	FBT	F				NR								
Itoham Yonekyu Holdings	FBT	F				NR								
JA Group	General	F				NR								
Japan Tobacco Inc.	FBT	F				DP								
Kagome Co., Ltd.	FBT	F				NR								
Kewpie Corporation	FBT	Not scored				NR	Non public							
Kikkoman Corporation	FBT	F				NR								
Marubeni Corporation	FBT	B	B			AQ	Non public							
Maruha Nichiro Corp	FBT	F				NR								
MEGMILK SNOW BRAND Co.,Ltd.	FBT	D	D		D	NR	No	No	Yes	No	T	T, P	No	
Meiji Holdings Co Ltd	FBT	F				NR								
Mitsubishi Corporation	General		C			AQ	Non public							
Mitsubishi Shokuhin Co., Ltd.	FBT	SA												
Morinaga & Company Ltd	FBT	F				NR								
Morinaga Milk Industry Co., Ltd.	FBT	Not scored				NR	Non public							
NH Foods Ltd.	FBT			C		AQ	Non public							
Nichirei Corporation	FBT	F				NR								
Nippon Suisan Kaisha Ltd	FBT	F				NR								
Nisshin Seifun Group Inc.	FBT	F				NR								
Nissin Foods Holdings Co., Ltd.	FBT	F				NR								
Sumitomo Forestry Co., Ltd.	P&F	B-				AQ	Yes	Yes	Yes	Yes	T	T	Yes	
The Nisshin OilliO Group,Ltd.	FBT	F				NR								
Toyo Suisan Kaisha, Ltd.	FBT	F				NR								
Yakult Honsha Co Ltd.	FBT	F				NR								
Yamazaki Baking Co., Ltd.	FBT	F				NR								
Hospitality														
McDonald's Holdings Company (Japan), Ltd.	General	SA				SA								
Resorttrust Inc	General	F				NR								
Seibu Holdings Inc.	General	F				NR								
Skylark Co., Ltd.	General	F				NR								
Zensho Holdings Co., Ltd.	General	F				NR								
Infrastructure														
Dai-ichi Kangaro Co.	General	F												
Daiwa House Industry Co., Ltd.	General	B				NR	Yes	Yes	Yes	Yes	T	T	In 2 years	

Company	Questionnaire Sector ^a	2018 Score ^b				2017 Response status ^c	Undertaking forests-related risk assessment	Having a policy that includes forests-related issues	Board level oversight of forests-related issues	Making a public commitment	Commodities worked with direct suppliers ^d	Commodities worked beyond direct suppliers ^d	Verification of forests information ^e
		Timber	Palm oil	Cattle	Soy								
Haseko Corporation	General		F			NR							
Iida Group Holdings	General		F			NR							
JGC Corporation	General		F			NR							
Kajima Corporation	General	C				AQ	Yes	Yes	No	No	T	T	Waiting
Kandenko Co., Ltd	General		Not scored				No	No	No	No			
MAEDA CORPORATION	General		F			NR							
Mitsubishi Estate Co., Ltd.	General		F										
Mitsui Fudosan Co., Ltd.	General		F										
Nippo Corporation	General		F			NR							
Nishimatsu Construction Co Ltd	General		Not scored			NR				Non public			
Nomura Real Estate Holdings, Inc.	General		F										
NTT Urban Development Corporation	General		F										
Obayashi Corporation	General		F			NR							
Penta-Ocean Construction Co Ltd	General		F			NR							
Sekisui Chemical Co., Ltd.	General	B				AQ	Yes	Yes	Yes	Yes	T		No
Sekisui House, Ltd.	General	B				AQ	Yes	Yes	Yes	Yes	T	T	Waiting
Shimizu Corporation	General		F			NR							
Sumitomo Realty & Development Co., Ltd.	General		F										
Taisei Corporation	General		F			AQ							
Toda Corporation	General		F			NR							
Tokyo Tatemono Co., Ltd.	General		F										
Manufacturing													
Adeka Corporation	General		F			NR							
Asahi Kasei Corporation	Chemical		F										
Daicel Corporation	Chemical		F			NR							
Hino Motors, Ltd.	OEMs		F										
Honda Motor Company	OEMs		F			NR							
Isuzu Motors Limited	OEMs	C				AQ				Non public			
Kaneka Corporation	Chemical		F										
KAO Corporation	General	A-	A-			AQ	Yes	Yes	Yes	Yes	T, P	T, P	In 2 years
Kawasaki Heavy Industries, Ltd.	General		F										
Kobayashi Pharmaceutical Co., Ltd.	General		F			NR							
Kokuyo Co., Ltd.	General	B-				AQ	Yes	Yes	No	No	T		Waiting
KOSE Corporation	General		Not scored			NR	No	In 2 years		No			
Lintec Corporation	Chemical	C					Yes	Yes	Yes	No			No
Lion Corporation	General		F			NR							
Mazda Motor Corporation	OEMs	C		C		AQ				Non public			
Mitsubishi Motors Corporation	OEMs		F			NR							
Nissan Motor Co., Ltd.	OEMs		F			NR							
Nissan Shatai Co., Ltd.	OEMs		F										
Nisshinbo Holdings Inc.	General		F			NR							
NOF CORPORATION	Chemical		F			NR							
Oji Holdings Corporation	P&F	B-				AQ	Yes	Yes	Yes	Yes	T	T	Yes

Company	Questionnaire Sector ^a	2018 Score ^b				2017 Response status ^c	Undertaking forests-related risk assessment	Having a policy that includes forests-related issues	Board level oversight of forests-related issues	Making a public commitment	Commodities worked with direct suppliers ^d	Commodities worked beyond direct suppliers ^d	Verification of forests information ^e
		Timber	Palm oil	Cattle	Soy								
Pigeon Corp	General		F			NR							
Pola Orbis Holdings Inc.	General		F			AQ							
Rengo Co., Ltd.	P&F	B-				AQ	Yes	Yes	Yes	Yes	T	T	Yes
Shiseido Co., Ltd.	General		F			AQ							
SUBARU CORPORATION	OEMs		F			AQ							
Suzuki Motor Corporation	OEMs		Not scored			AQ				Non public			
TANAX, INC.	P&F	C				AQ	Yes	Yes	Yes	Yes	T	T	Yes
Toyota Industries Corporation	OEMs		F										
Toyota Motor Corporation	OEMs		F			NR							
Uni-Charm Corporation	General	A-				AQ	Yes	Yes	Yes	Yes	T		Waiting
Yamaha Motor Co., Ltd.	OEMs		F										
Materials													
Bridgestone Corporation	General		Not scored				Yes	Yes	Yes	Yes	R	R	In progress
Hanwa Co Ltd	General		F			NR							
Nippon Paper Industries Co Ltd	P&F	B-				AQ	Yes	Yes	Yes	Yes	T	T	Yes
Sumitomo Rubber Industries, Ltd.	General	D	D	D	D	AQ	No	No	No	No	T, P, C, S, R	R	No
Toyo Tire & Rubber Co Ltd	General		F										
Yokohama Rubber Company, Limited	General		Not scored				Yes	Yes	Yes	Yes			
Power generation													
The Kansai Electric Power Co., Inc.	EU		F			NR							
Retail													
ABC-Mart, Inc.	General		F			NR							
Aeon Co., Ltd.	General		Not scored			NR				Non public			
Ain Holdings Inc	General		F			NR							
Aoyama Trading Co., Ltd.	General		F			NR							
COSMOS Pharmaceutical Corporation	General		F			NR							
Don Quijote Holdings Co., Ltd.	General		F			NR							
FamilyMart UNY Holdings Co., Ltd.	General		F			NR							
Fast Retailing Co., Ltd.	General		F			NR							
H2O Retailing Corporation	General		F			NR							
Isetan Mitsukoshi Holdings Ltd.	General		F			NR							
Izumi Co., Ltd.	General		F			NR							
J. Front Retailing Co., Ltd.	General		F			NR							
Lawson, Inc.	General		F			NR							
Marui Group Co., Ltd.	General		F			NR							
Matsumotokiyoshi Holdings Co., Ltd.	General		F			NR							
Nitori Holdings Co., Ltd.	General		F			NR							
Odakyu Electric Railway Co., Ltd.	General		F										
Ryohin Keikaku Co., Ltd.	General		F			NR							
Seria Co Ltd	General		F			NR							
Seven & I Holdings Co., Ltd.	General		F			NR							
Shimachu Co., Ltd.	General		F			NR							

Company	Questionnaire Sector ^a	2018 Score ^b				2017 Response status ^c	Undertaking forests-related risk assessment	Having a policy that includes forests-related issues	Board level oversight of forests-related issues	Making a public commitment	Commodities worked with direct suppliers ^d	Commodities worked beyond direct suppliers ^d	Verification of forests information ^e
		Timber	Palm oil	Cattle	Soy								
Shimamura Co., Ltd.	General		F			NR							
Sotetsu Holdings, Inc.	General		F										
Sugi Holdings Co., Ltd.	General		F			NR							
Takashimaya Company, Limited	General		F			NR							
Tsuruha Holdings Inc.	General		Not scored			NR				Non public			
UNY Group Holdings Co., Ltd.	General		F			NR							
Services													
Dai Nippon Printing Co., Ltd.	General	B-				AQ	Yes	Yes	Yes	No	T	T	Yes
Daito Trust Construction Co., Ltd.	General	D		D-	D-	AQ	Yes	Yes	Yes	Yes	T		Yes
ITOCHU Corporation	General	B-				AQ				Non public			
Mitsui & Co., Ltd.	General	B-	D-	D-	D-	AQ				Non public			
Nagase & Co., Ltd.	General		Not scored			AQ	No	Yes	Yes	No			No
Paltac	General		F										
Sojitz Corporation	General	B				AQ				Non public			
Sumitomo Corporation	General	A-				NR				Non public			
Toppan Forms Co., Ltd.	General		SA										
Toppan Printing Co., Ltd.	General	C				AQ	Yes	Yes	Yes	Yes	T	T	Yes
Toyota Tsusho Corporation	General	B	B		B-	AQ				Non public			
Transportation services													
East Japan Railway Company	TS		F										
Kintetsu Group Holdings Co., Ltd.	General		F										
Kyushu Railway	TS		F										
Nankai Electric Railway Co., Ltd.	TS	C					Yes	Yes	Yes	Yes	T		Waiting
Nishi-Nippon Railroad Co., Ltd.	General		F										
Tobu Railway Co., Ltd.	TS		F										

a EPM: Transport Engine Part Manufacturers
 EU: Electric Utilities
 FBT: Food, Beverage & Tobacco
 OEMs: Transport Original Equipment Manufacturer
 P&F: Paper & Forestry
 TS: Transport Services

b SA: See Another

c AQ: Answered Questionnaire
 DP: Declined to Participate
 NR: Not Responded
 SA: See Another

d T: Timber
 P: Palm oil
 C: Cattle
 S: Soy
 R: Rubber

e Waiting: Waiting for more mature verification standards/processes

Report writers and scoring partners



Supporters: This report was published at the CDP Japan Launch event on April 4, 2019. Our sincere thanks are extended to the following organizations for supporting the event.



CDP Japan Contacts

Michiyo Morisawa

Director Japan

Aika Okusa

Ai Kishioka

Kae Takase

Kanako Inoue

Ken Yamaguchi

Kyoko Narita

Misato Yamaura

Miyako Enokibori

Mizuki Ida

Takahiro Kato

Tsuyoshi Yoshioka

CDP Worldwide-Japan

2-2-1 Otemachi, Chiyoda-ku
Tokyo 100-0004
Japan
Tel: +81 (0) 3 6225 2232
japan@cdp.net

CDP Contacts

Morgan Gillespy

Director, Forests

Viera Ukropcova

Senior projects officer, Forests
viera.ukropcova@cdp.net

CDP Worldwide

4th Floor Plantation Place South
60 Great Tower Street
London
EC3R 5AD
Tel: +44 (0) 20 3818 3900
www.cdp.net
info@cdp.net

CDP Japan Trustees

Representative:

Takejiro Sueyoshi

Michiyo Morisawa

Takeshi Mizuguchi

Tohru Nakashizuka

Report Writer Contacts

Etsuya Hirose

Senior Executive Officer
etsuya.hirose@quick.jp

Naomi Komatsu

Analyst
naomi.komatsu@quick.jp

Atsushi Suzuki

Analyst
atsushi.suzuki58@quick.jp

QUICK Corp

ESG Research Center

Nihonbashi Mitsui Tower
2-1-1, Nihonbashi Muromachi,
Chuo-ku, Tokyo 103-8317
<https://www.esg.quick.co.jp/>