



## Supply Change Webinar, co-hosted by Innovation Forum

### Tracking Corporate Commitments to Deforestation-free Supply Chains, 2016

With special guest speakers from CDP, Consumer Goods Forum,  
Innovation Forum & TFA 2020

July 12, 2016



Collaborators



Supporters





Stephen Donofrio  
Senior Advisor  
Supply Change

Stephen Donofrio, Advisor at Supply Change (a Forest Trends Ecosystem Marketplace project), leads project innovation and strategy, partnerships and stakeholder relationships. Supply Change ([www.supply-change.org](http://www.supply-change.org)) enables users to track the actions that companies are reporting against the commitments they've made to reduce their role in degrading the world's critical ecosystems through sustainable value chain management of deforestation linked commodities. Stephen is also Principal & Founder of Greenpoint Innovations, formerly VP of CDP North America and previously Economist at the Chicago Climate Exchange (CCX).

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**Introduction**

Stephen Donofrio, Senior Advisor, *Supply Change*

**Report Deep-Dive**

Ben McCarthy, Senior Associate, *Supply Change*

**Disclosure & Transparency**

Jillian Gladstone, Manager, Forests, CDP North America

**Multi-Stakeholder Initiatives  
& Trade Associations**

Marco Albani, Director, Tropical Forest Alliance 2020 (TFA 2020)  
 Ignacio Gavilan, Director of Sustainability, The Consumer Goods Forum

**Perspectives Round-Up**

Tobias Webb, Founder, Innovation Forum

**Q&A**

All



**Ben McCarthy**  
Senior Associate  
Supply Change

**Ben McCarthy is a Senior Associate with the Supply Change project** which tracks commitments from corporations, investors and governments to reduce deforestation from supply chains. In this role, Ben leads the research to incorporate hundreds of commitments into the project, contributes to reports, and maintains Supply-Change.Org. Prior to joining Forest Trends' Ecosystem Marketplace, he was a Program Manager at the International Emissions Trading Association. Ben graduated from The Ohio State University with a degree in environmental policy.

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## Supply Change:

## Tracking Corporate Commitments to Deforestation-free Supply Chains, 2016



The “big four” deforestation commodities:  
Cattle, soy, timber & pulp, and palm.

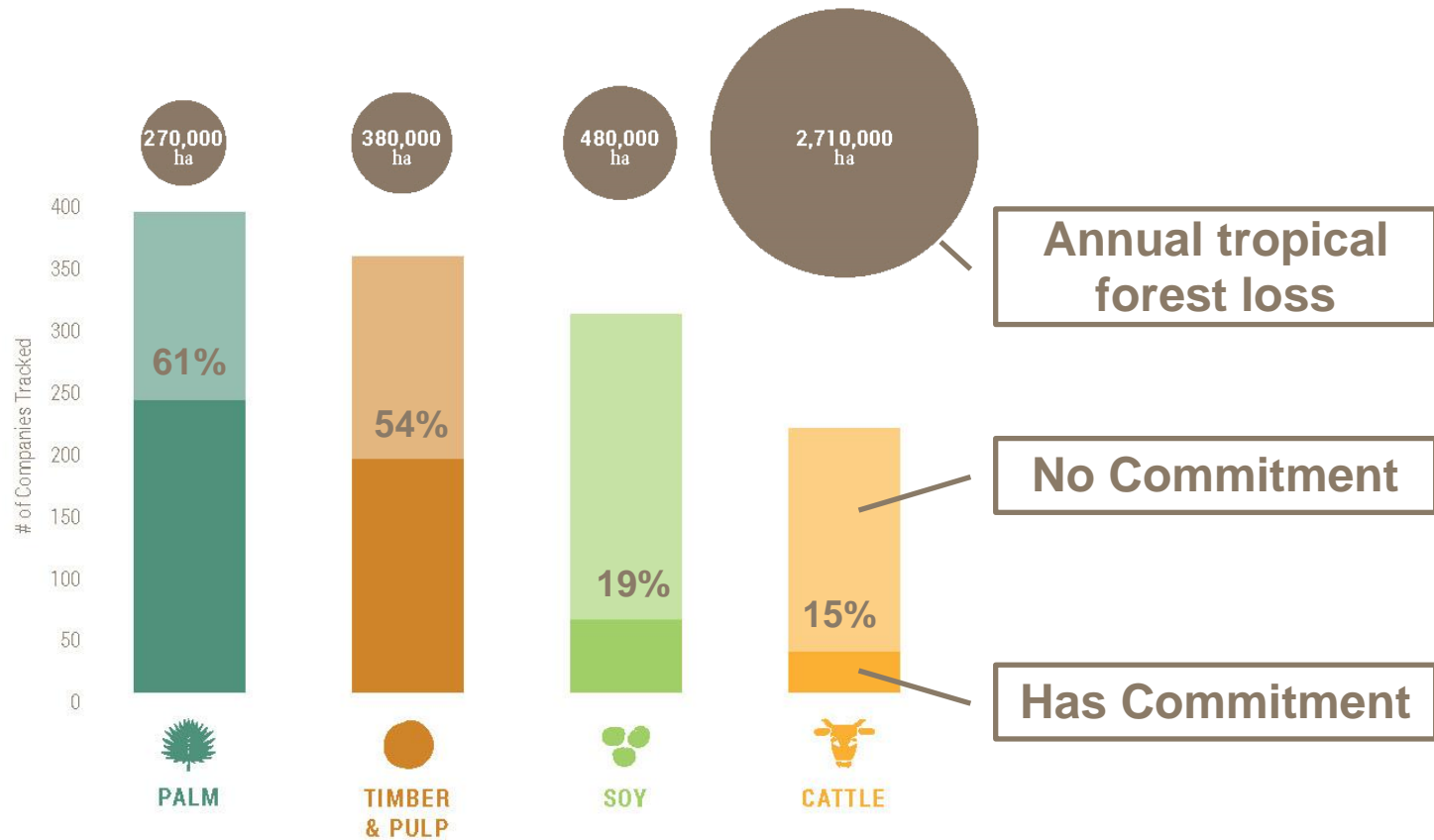


Supply Change Company Research and Profile Status as of March 31, 2016



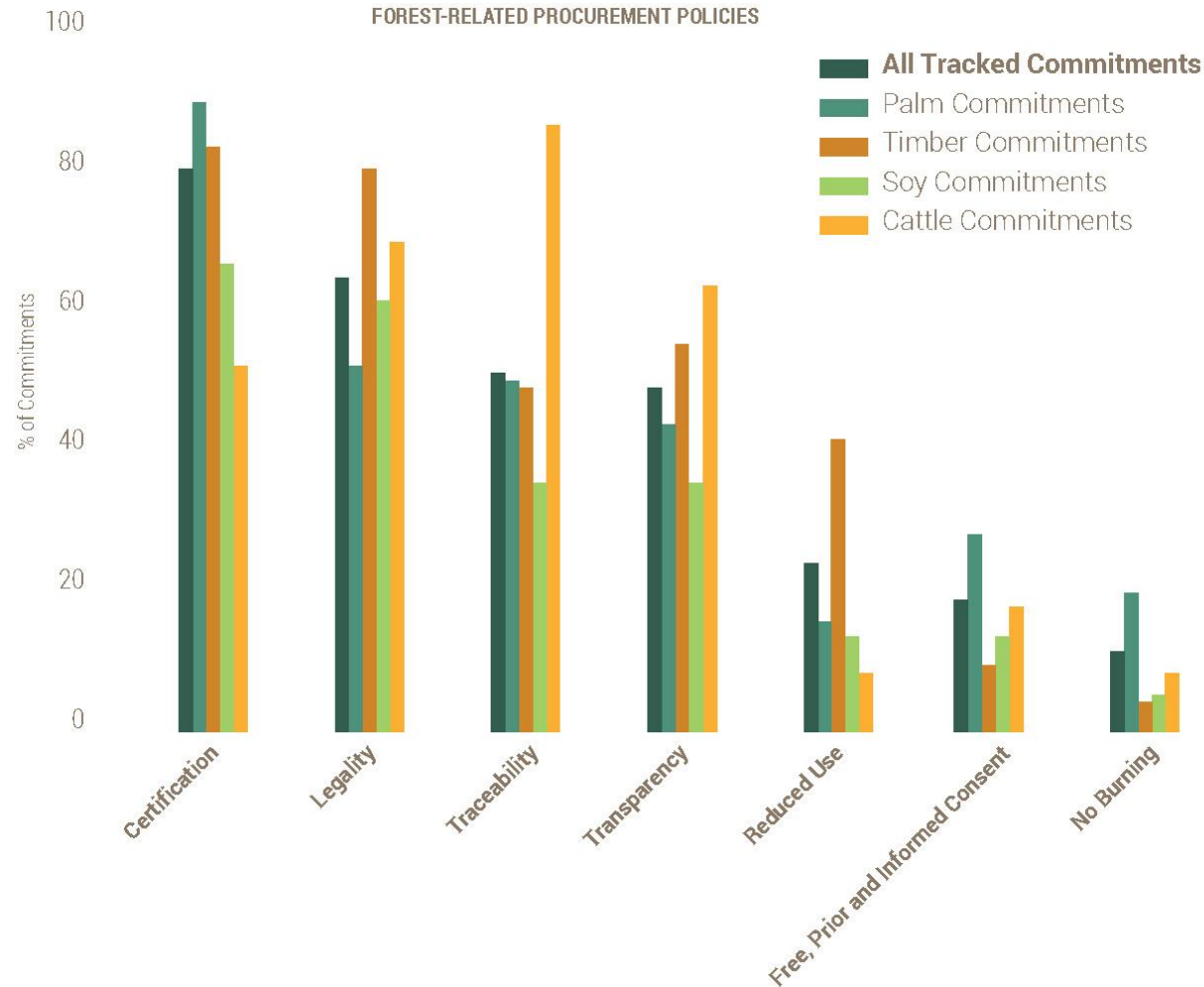
Companies are more likely to make commitments toward palm and timber & pulp than to soy and cattle.

## Number of Companies with and without Commitments by Commodity



More than 80% of palm, and timber & pulp commitments include certification.

## Percentage of Commitment Texts that Include Procurement Policies by Commodity



Most time-bound commitments target 2020, but the number without a target date is increasing

## Partial Timeline of Commitment Announcement and Target Years



Information on progress is available for only one in three commitments.

## Disclosure Rates by Commitment Category



Companies with commitments that do have information on progress, report a high level of progress.

## Most Recently Reported Progress toward Overall Commitment to Date by Commitment Category



**Key takeaways:**

Tracking Corporate Commitments to Deforestation-free Supply Chains, 2016

**CHANGE**

*is happening.*

*is incremental.*

*is worth communicating.*

*needs to be measurable.*



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Commitments that Count

Change is good.  
So is information.

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SUPPLY-CHANGE.ORG



FOREST  
TRENDS



Jillian Gladstone  
Manager, Forests  
CDP North America

Jillian leads CDP's work on deforestation in North America, supporting companies across various industries to disclose to investors and other stakeholders on the risks they face related to the use of forests-risk commodities in their operations and supply chains. Jillian has ten years of experience working at the intersection of the food industry and the environment, previously as a Sector Manager for The Sustainability Consortium, and running environmental campaigns at Waterkeeper Alliance. Jillian holds a MALD and MS from The Fletcher School and The Friedman Schools at Tufts University, and a B.A. from New York University.

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Jillian Gladstone

Manager, Forests  
CDP North America

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# Investor request

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“Investors cannot hide from negative economic consequences of climate change – the negative externalities and costs caused by deforestation are going to come to rest somewhere in the portfolio.”

**Jonas D. Kron**

Director of Shareholder Advocacy, Trillium Asset Management


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# 365

## investors

representing **US\$22 trillion** in assets are signatories to CDP's forests program to understand corporate management of the risks associated with deforestation.

# We Mean Business Take Action Platform




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## Commit to business leadership on climate




See who's committed to one or more climate initiative


Recent commitments from: AMD, CaixaBank, Cisco Systems Inc, Colruyt Bank, CNH Industrial NV, Host Hotels & Resorts, Inc., Inditex, Indra, Interface, Mondi, SAVE S.p.A. - Venice Airport

CDP, as part of the We Mean Business campaign, provides a central platform for businesses to step meaningful action on climate change. Top climate performers already report stronger financial performance, manage the changing landscape of natural resources supply, customer demand and regulatory constraints. Following negotiations in Paris in 2015, companies and investors have a clear policy signal from governments. It is the time to scale up low-carbon investments and bold solutions to climate change. [Learn more about CDP](#)


To make your support for a low-carbon economy public, commit to any—or all—of the innovative and the growing number of companies that have already taken steps to safeguard their future prosperity.



Commit to adopt a science based emissions reduction target




Commit to 100% renewable power



## Commit to remove commodity-driven deforestation from all supply chains by 2020

Addressing deforestation, which accounts for approximately 15% of the world's GHG emissions, is a critical component of climate change mitigation.

Businesses' production and procurement decisions have the power to alter global demand for the agricultural commodities that are the primary drivers of deforestation and forest degradation: soy, palm oil, leather, beef, timber, and pulp. These commodities are wealth generators that feature in the supply chains of companies across economic sectors. The business community can lead the agenda on how these commodities can be sustainably produced in a low-carbon economy.



### What are the benefits?

Companies will be taking the first step toward managing deforestation risk within their supply chains, a key part of creating sustainable, resilient supply chains. This commitment will also lead to opportunities to source "deforestation-free" commodities.

Addressing deforestation is a crucial and cost-effective means of managing supply chains and abating climate change, protecting watersheds and conserving biodiversity.

Companies will reinforce the commitment made by the Consumer Goods Forum members, the 400 companies representing over \$3 trillion in revenue that have pledged to eliminate deforestation from their business operations, as well as the work of the Tropical Forests Alliance 2020, a public-private coalition aiming to reduce commodity-driven deforestation by 2020.

### What is expected of companies that make this commitment?

By endorsing this initiative, companies commit to removing commodity-driven deforestation from their supply chains, combating a significant source of emissions and making their supply chains more sustainable and resilient.

Asia Pacific Resources International Ltd (APRIL)

Asia Pulp & Paper (APP)

Autodesk

AXA Group

Bank Australia

BNP Paribas

Brambles

Bouygues

Carrefour

Colgate Palmolive Company

Commerzbank AG

Coway Co Ltd

Danone

Delhaize Group

Diageo Plc

DONG Energy

Econet

General Mills Inc.

Givaudan SA

Grupo Bimbo S.A.B. de C.V.

# Forests questionnaire

The 2016 questionnaire aims to:

- ▶ Guide companies through the journey of removing commodity-driven deforestation from their value chain;
- ▶ Improve understanding of deforestation-related risks;
- ▶ Encourage effective engagement between external stakeholders and companies; and
- ▶ Allow companies to demonstrate progress and good practice.

## CDP's 2016 Forests Information Request

CDP's forests program assists companies and their investors worldwide in understanding and addressing their exposure to 'forest risk commodities'. In 2015, 298 investors with over US\$19 trillion in assets backed CDP's forests information request.





The following set of questions form CDP's 2016 forests information request. Companies are asked to answer these questions in the Online Response System (ORS) provided by CDP through its website. As such, this document is a representation of the request and whilst the questions will remain the same, the format may differ for ease of response. Guidance is available on the CDP website from December 2015 which details all of the options available and provides screen shots of the ORS to aid companies in completing the request.

### An introduction to CDP's forests program

Deforestation accounts for approximately 10-15% of the world's greenhouse gas emissions, equivalent to the entire transport sector.<sup>1</sup> Commodities which may be sourced, directly or indirectly, from recently deforested land represents the deforestation risk for a business.

Global demand for agricultural commodities is the primary driver of deforestation, as timber is extracted and land is cleared to produce beef, soy, and palm oil. These 'forest risk commodities' are the building blocks of millions of products traded globally and feature in the supply chains of countless companies. International pressure is mounting to stop deforestation, a significant cause of greenhouse gas emissions. The loss of natural capital due to land use by the primary production and primary processing sectors is estimated to be costing the global economy US\$1.8 trillion annually.<sup>2</sup>

### The forest risk commodities

Forest risk commodity	Explanation
	<b>Timber:</b> this includes all solid timber as well as products made from processed wood fiber such as paper, cardboard and specialty fibers such as viscose. It also includes timber products used for biomass.
	<b>Palm Oil:</b> this includes crude palm oil, and all of its chemical derivatives. It also includes palm kernel oil and its derivatives. Please note that palm oil used for biofuel production is now to be included in this category, if applicable (see below).
	<b>Cattle Products:</b> this includes all food products containing beef, all clothing, furniture and accessories that are made of leather, tallow and all other products derived from cattle. Please note that tallow used for biofuel production is now to be included in this category, if applicable.
	<b>Soy:</b> this includes all meal or oil containing soy and any derivatives that are obtained from soy. Please note that soy used for biofuel production is now to be included in this category, if applicable (see below).

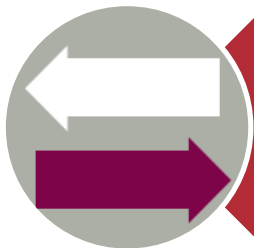
<sup>1</sup> Van der Werf GR, et al. 2009. CO<sub>2</sub> Emissions from Forest Loss. *Nature Geoscience* 2, 737-738.  
<sup>2</sup> Trucost. 2013. *Natural Capital at Risk: The Top 100 Externalities of Business*. Available online at: [http://www.naturalcapitalcoalition.org/js/plugins/filemanager/files/TEEB\\_Final\\_Report\\_v5.pdf](http://www.naturalcapitalcoalition.org/js/plugins/filemanager/files/TEEB_Final_Report_v5.pdf)

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# Value of Disclosure

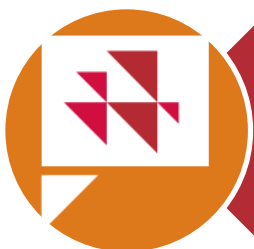
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Communication



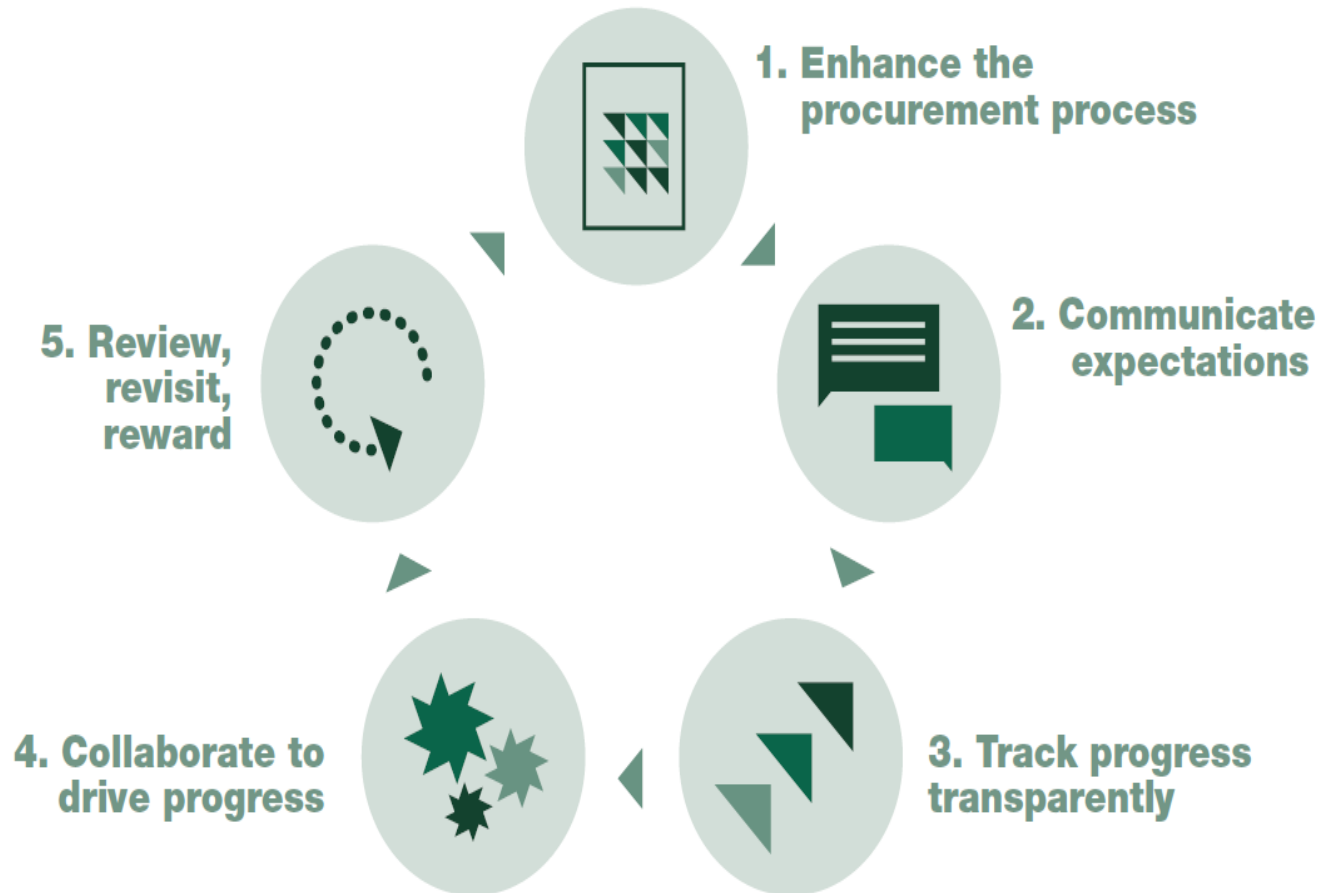
Recognition



Implementation

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# CDP's Supply Chain Performance Plan



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**Marco Albani**  
Director  
Tropical Forest Alliance 2020

**Marco is Director of the Tropical Forest Alliance 2020.** Previously, Marco was a senior expert in the Sustainability and Resource Productivity Practice of McKinsey & Company, where he served public, private, and social sector clients on strategic topics in the natural resources and sustainability arena, helping them to address the energy-food-water nexus and the challenges and opportunities created by climate change.

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**Ignacio Gavilan**  
**Director, Sustainability**  
**The Consumer Goods Forum**

**Ignacio, Director of Sustainability**, is responsible for ensuring high quality, efficient strategic leadership and support to the Climate Change and Waste agenda. He provides leadership to the various Sustainability Working Groups (currently Deforestation: Palm Oil, Soy, Paper/Pulp and Packaging; , Refrigeration, Solid Waste and Food Waste) to ensure that their work delivers on the agreed overall Sustainability objectives

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**Tobias Webb**  
Founder  
Innovation Forum

**Tobias is founder of Innovation Forum**, a sustainability focused research, publishing and events business. He has also been a lecturer on Corporate Responsibility at Kings College London and at Birkbeck, University of London for eight years. He works with large companies all over the world and sit on the sustainability advisory board for Walgreens Boots Alliance. From 2006-9, he led the development of UK CSR policy, resulting in the Responsibility Deals framework.

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**Q&A**

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