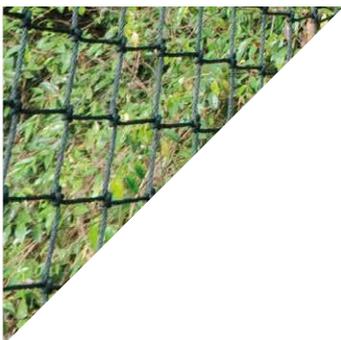


# Realizing zero-deforestation:

Transforming supply chains for the future

Written on behalf of 298 investors with US\$19 trillion in assets



**With international efforts to address climate change accelerating, reducing deforestation and forest degradation is rising up the global agenda. Agriculture is the direct driver of up to 80% of deforestation worldwide.<sup>1</sup> Suppliers and buyers of key agricultural forest-risk commodities – cattle products, palm oil, timber products and soy – are therefore coming under growing pressure to ensure that their supply chains do not destroy forests.**

That pressure is building from their consumers and their investors. This year, 298 investors with US\$19 trillion in assets have requested that companies report data about forest risks through CDP, a 24% jump compared with last year.

The business world is waking up to these risks in their supply chains. Of the 171 companies analyzed in this year's report, three-quarters (75%) recognize at least one deforestation-linked supply chain risk.

Companies are exposed to the risk that they may be unable to source key commodities, either as a result of climate change, or from measures designed to tackle deforestation. They are exposed to reputational risks if their activities continue to cause deforestation. And they face losing access to capital, as investors and banks seek to avoid deforestation risk in their own portfolios.

With 70% of companies reporting some form of commitment to address forest loss, companies have understood the business case for tackling deforestation. Doing so presents opportunities, as well as risks: nearly 90% of respondents report opportunities related to the sustainable production or sourcing of forest-risk commodities.

But the challenge is translating these commitments into action.

CDP's data reveals that businesses are currently only meeting a fraction of the targets that form part of these commitments. For example, half of companies with commitments to source certified soy are yet to get any into their supply chains. For palm oil, this is the case for a quarter of companies.

High-level commitments will not be delivered unless companies work to embed sustainable practices into their procurement processes, and buyers collaborate with their suppliers to build capacity to address the issue.

This report sets out a five-stage process for companies to help drive deforestation out of their supply chains. This involves enhancing procurement processes, communicating effectively, tracking progress, collaborating along the value chain and reviewing what's working, and what's not.



Companies should monitor whether suppliers that deliver commodities, products, and materials produced in tropical forests seek best practices to avoid deforestation and adhere to international, recognised standards and certification systems for sustainable production and management of forests.

NBIM's climate expectations<sup>2</sup>



<sup>1</sup> <http://www.sciencedaily.com/releases/2012/09/120925091608.htm>

<sup>2</sup> <http://www.nbim.no/contentassets/27ce1a7cbf0b4bba9d4d94bd23165e46/climate-change-strategy-document.pdf>

# 88%

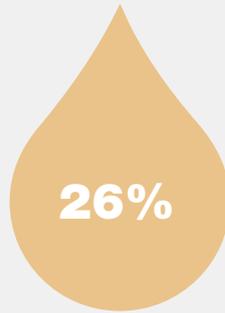
of companies report opportunities related to the sustainable production or sourcing of forest-risk commodities.

# 70%

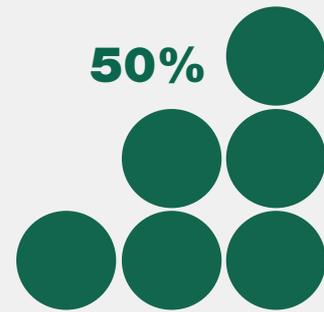
of reporting companies have committed to reduce or remove deforestation and forest degradation.

## Implementation is lagging behind

% of companies with commitments to source certified material that are yet to get any into their supply chains.



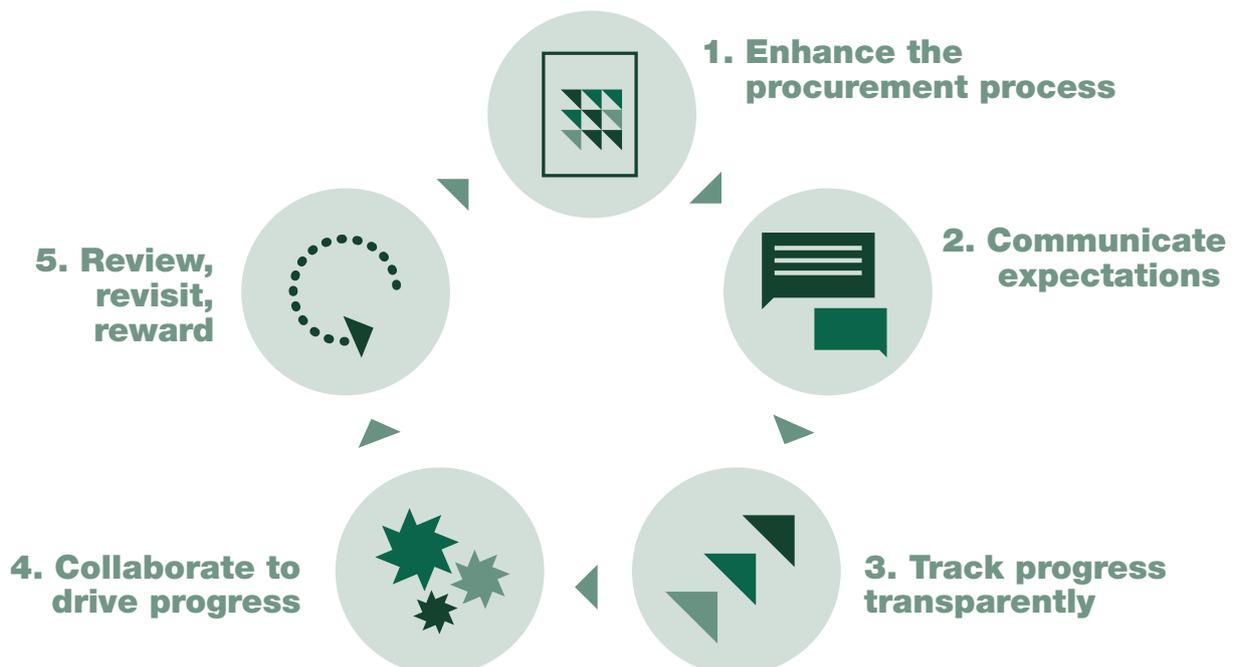
**Palm oil**



**Soy**

## Supply chain performance plan

How might a buyer of forest-risk commodities ensure that a deforestation commitment is met? An effective supply chain performance plan should contain five components:



#### CDP Contacts

**Paul Dickinson**  
Executive Chairman

**Paul Simpson**  
Chief Executive Officer

**Frances Way**  
Co-Chief Operating Officer

**Sue Howells**  
Co-Chief Operating Officer

#### CDP's forests program

**Katie McCoy**  
Head of Forests

**Roberta Iley**  
Senior Project Officer, Forests

**Rafel Servent**  
Project Officer, Forests

**Lena Meintrup**  
Europe Project Manager, Forests

**Jillian Gladstone**  
North America Project Manager,  
Forests

**Rebecca Willcox**  
Technical Officer, Forests

**CDP**  
3rd Floor, Quadrant House  
4 Thomas More Square  
Thomas More Street  
London E1W 1YW  
United Kingdom

Tel: +44 (0)20 3818 3900  
[www.cdp.net](http://www.cdp.net)  
[info@cdp.net](mailto:info@cdp.net)

#### CDP Board of Trustees

**Chairman: Alan Brown**  
Wellcome Trust

**Ben Goldsmith**  
WHEB

**Chris Page**  
Rockefeller Philanthropy Advisors

**James Cameron**  
Overseas Development Institute  
(ODI)

**Jeremy Burke**  
Green Investment Bank

**Jeremy Smith**

**Kate Hampton**  
Childrens Investment Fund  
Foundation

**Martin Wise**  
Relationship Capital Partners

**Takejiro Sueyoshi**

**Tessa Tennant**

#### CDP Advisors

**Lord Adair Turner**

**Rear Admiral Neil Morisetti CB**

We are grateful to receive core funding for the project from:



Scan here to download the  
2015 Global Forests Report



Design and production  
[www.productionstudios.co.uk](http://www.productionstudios.co.uk)