



**SUPPLY
CHANGE**
An Initiative of Forest Trends

Tracking Corporate Commitments to Deforestation-free Supply Chains

CONTACT

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COLLABORATORS



SUPPORTERS





Stephen Donofrio, Director of *Supply Change* (a Forest Trends initiative), is responsible for overall initiative strategy development, relationship building, development and management of partners and collaborators, stakeholder coordination, corporate engagement, public speaking, and report writing. In addition, Stephen is Principal & Founder of Greenpoint Innovations. Previously, Stephen was Vice President at CDP North America (Carbon Disclosure Project), and Economist with the Chicago Climate Exchange.



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Forest Trends

Non-profit headquartered in Washington, DC. Work to conserve forests and other ecosystems through the creation and wide adoption of a broad range of environmental finance, markets, and other payment and incentive mechanisms.

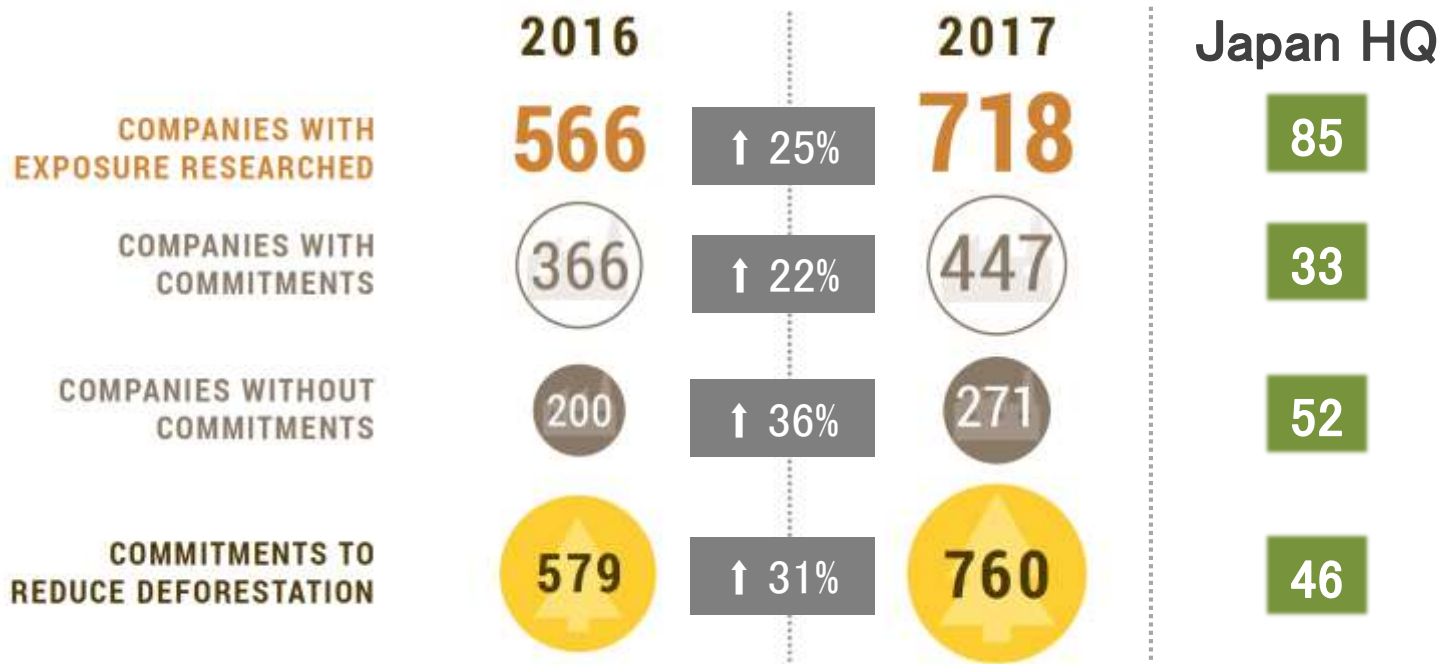
In 2015, Forest Trends launched *Supply Change* to research and track the progress, or lack thereof, reported by companies that make public commitments to address commodity-related deforestation with the goals of increasing transparency, converting data to information, and enabling stakeholders – investors, businesses, governments, non-profits and consumers, to make more informed decisions.

Supply Change products consist of:

- * Free access web platform (www.supply-change.org) of ~470 company profiles;
- * Publications;
- * Newsletters;
- * Featured Articles; and,

Supply Change

Number of Companies with and without Commitments are Increasing.



Supply Change draws from already available but disaggregated data to track companies, their commitments to address commodity-driven deforestation, and progress towards commitments, over time.

Supply Change

Free-to-Access Information Portal

Change is good. So is information.

Businesses, investors, and governments are committing to reverse their role in degrading the world's critical ecosystems. But until recently, market information that best supports these efforts has been scarce. Supply-Change.org exists to fill this data gap by providing a platform for news, data, and analysis that catalogs and contextualizes global progress toward environmental targets.

LEARN MORE AT
[SUPPLY-CHANGE.ORG](https://supply-change.org)



Supply Change

Example Supply Change Profile

The role of *Supply Change* is to catalog, organize, and compare this data in a meaningful way to support stakeholders' decision-making and, ultimately, to drive transformational change.

AJINOMOTO

HQ Location
Japan

Market Cap
1,270,000,000,000 JPY

Ticker
JP: 2802

Sector
Food Products

Industry
Consumer Goods

Company Website
www.ajinomoto.com

Related Activities
CGF, CGF Board, GRI, Reports To CDP Forests, RSPO

Supply Chain Level
Manufacturer

Commodities Produced or Used
Soy, Timber & Pulp, Palm

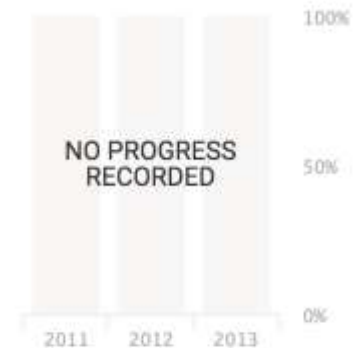


COMMITMENT SUMMARY



2017 Integrated report →

PERCENT ACHIEVEMENT TOWARD GOAL



FULL PROFILE →

RELEVANT ASSESSMENTS *

Forest 500
3 out of 5

CDP Forest Palm Score
A-

WWF Palm Oil Buyers
Scorecard
1%

CDP Forest Soy Score
B

CDP Forest Timber Score
B

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Tracking Companies Across All Sectors

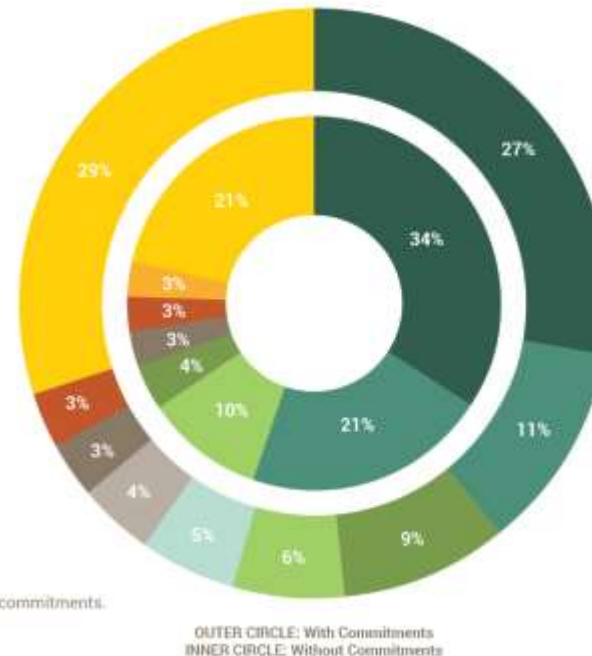
All HQ

COMPANY SECTORS



* "Other" includes sectors with less than 3% of companies with commitments.

Note: Company sector designations are defined according to the Wall Street Journal: www.wsj.com



OUTER CIRCLE: With Commitments
INNER CIRCLE: Without Commitments

Companies with commitments: (1) Personal Care Products/Appliances; (2) Food Products; (3) Consumer Staples; (4) Mixed Retailing; (5) Home Construction

Companies without commitments: (1) Food Products; (2) Food Retailers & Wholesalers; (3) Farming; (4) Alcoholic Beverages/Drinks; (5) Non-Alcoholic Beverages/Drinks

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Tracking Publicly Traded & Privately Held Companies

All HQ

Japan HQ

85% Public – 15% Private

60% Public – 40% Private

Companies with Commitments
54% PUBLICLY TRADED • 46% PRIVATELY HELD

MARKET CAPITALIZATION SUMMARY

ANNUAL REVENUE SUMMARY



Companies without Commitments
36% PUBLICLY TRADED • 64% PRIVATELY HELD

MARKET CAPITALIZATION SUMMARY

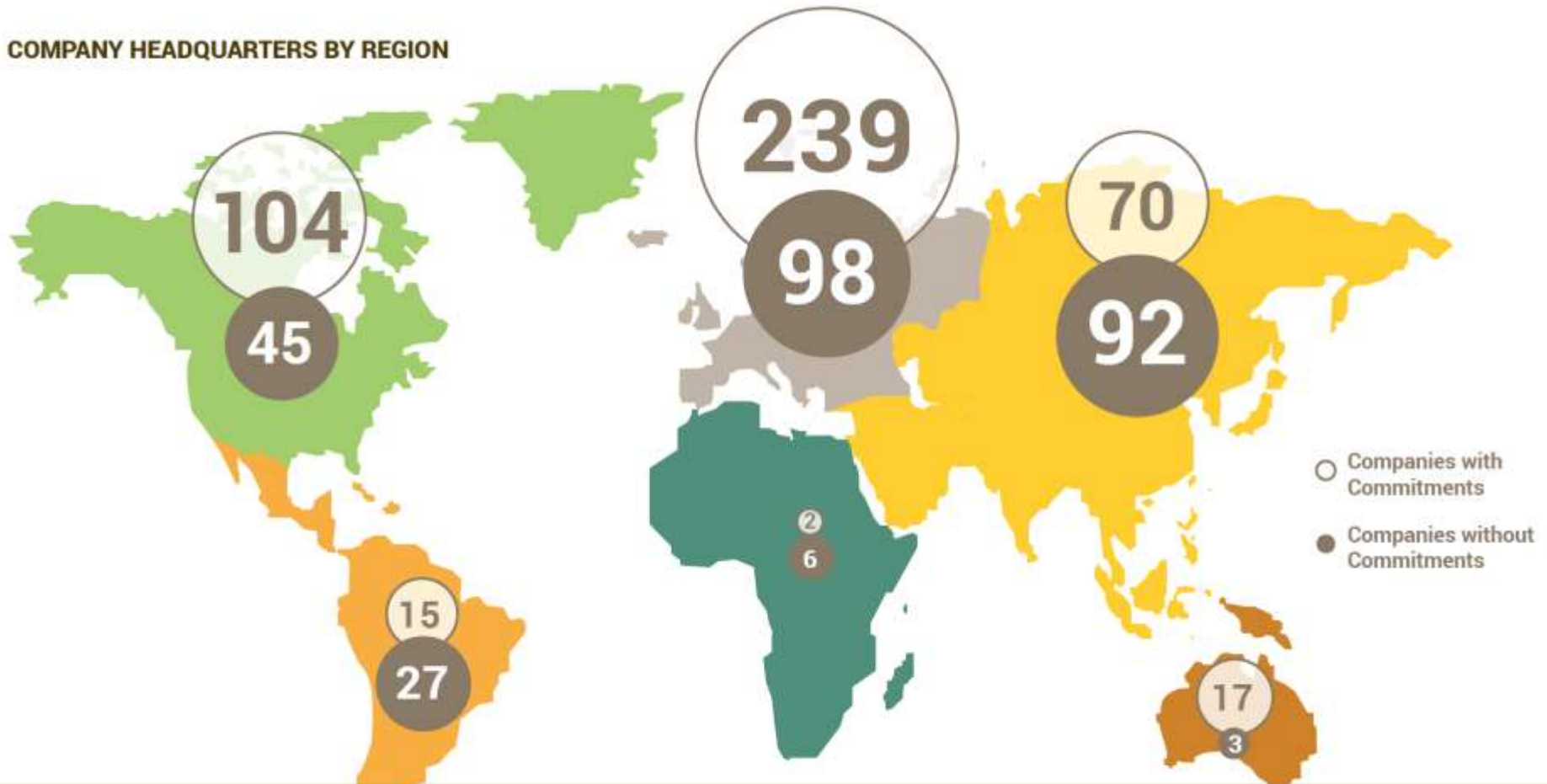
ANNUAL REVENUE SUMMARY



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Tracking Companies With Headquarters
Locations In All Continents

COMPANY HEADQUARTERS BY REGION

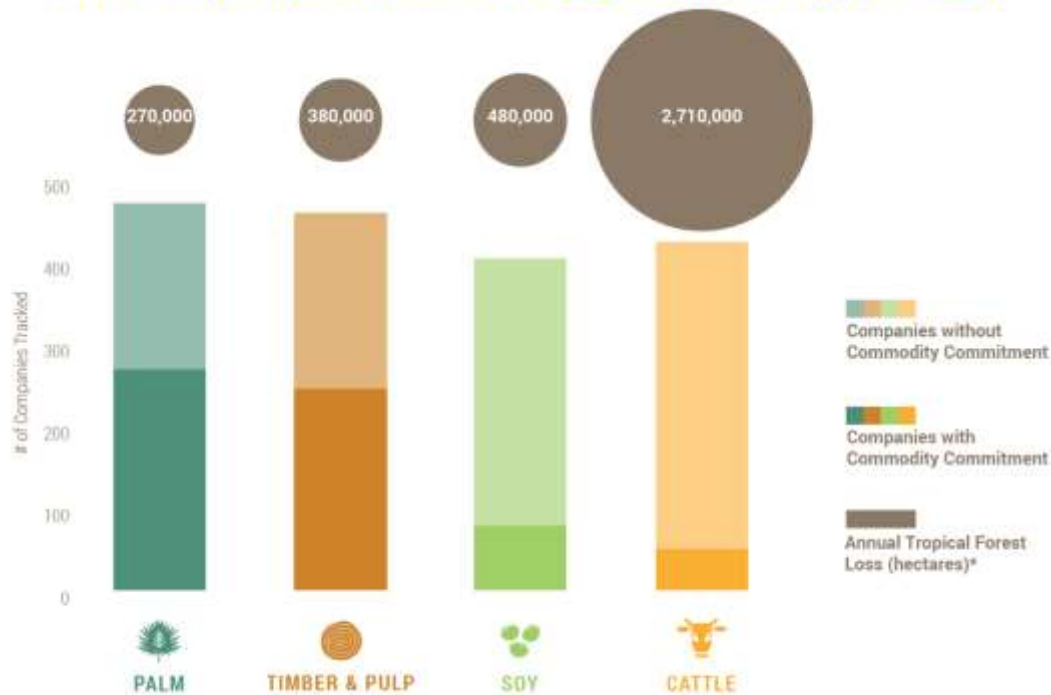


33 of the 72 Asian companies with commitments,
are headquartered in Japan.

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Company Commitments by Commodity,
Palm and Pulp & Timber Have Most but
Cattle and Soy Have Greatest Def Impacts

Number of Companies with and without Commitments by Commodity



24% of companies exposed to Palm have at least 1 commitment

40% of companies exposed to Timber & Pulp have at least 1 commitment

0% of companies exposed to Soy have at least one commitment

0% of companies exposed to Cattle have at least one commitment

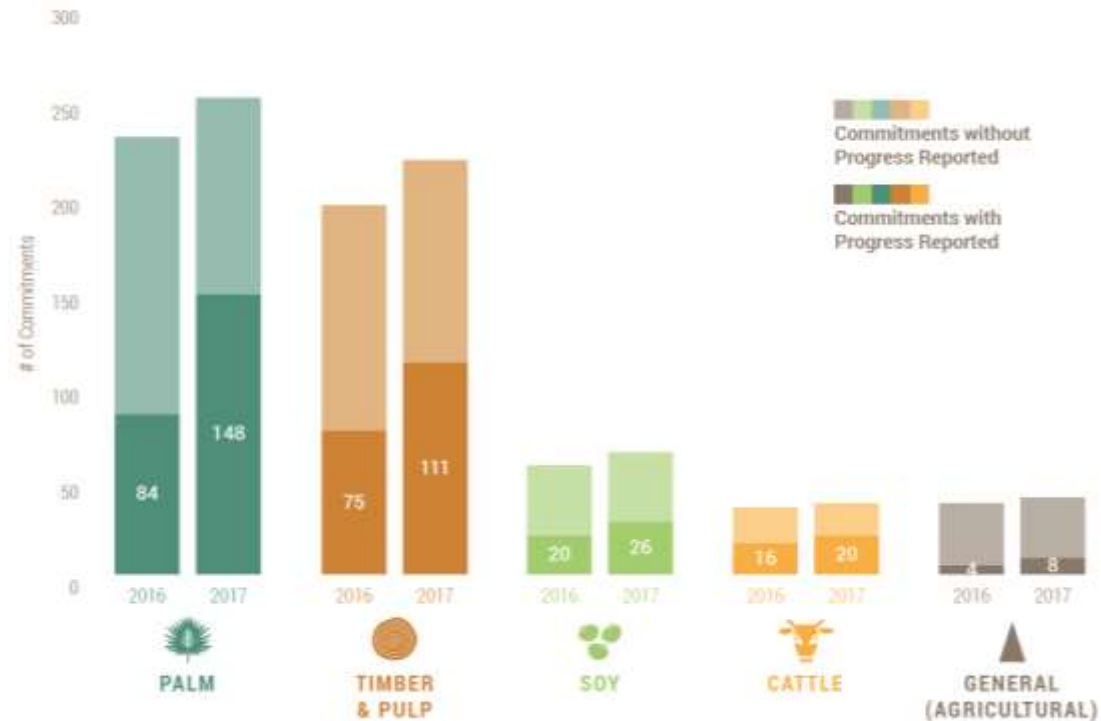
Transparency on Commitment Status

Progress Reporting is Improving, but Remains Insufficient to Comprehensively Inform Stakeholders

Progress reporting is an important metric to gauge the implementation status of commitments, and companies should be commended for communicating progress at any stage—achievement, interim milestones, and even when goals are missed and/or re-established.

The greatest growth in progress reporting was found in commitments related to palm and timber & pulp, which grew by 75% and 48%, respectively.

Progress Reporting by Commodity, 2016 vs. 2017 Findings



Note: Data are for a control group of companies that had commitments in both 2016 and 2017.

Transparency on Commitment Status

When Companies do not Report Progress Against Commitments, Risks Emerge

151 DORMANT
760 commitments

135 COMPANIES
with at least one
447 dormant commitment

Commitments that aren't accompanied by transparent progress reporting will likely be considered to be "dormant."

The high number of dormant commitments is an indicator of potential risk to any stakeholder engaged with these companies.

A commitment is considered dormant if it meets all three of the following conditions:

1. Target date has passed, OR the commitment was announced in 2015 or earlier and never had a target date,
AND
2. Never had any progress reported towards its main goal,
AND
3. Never had any progress reported towards its milestone.

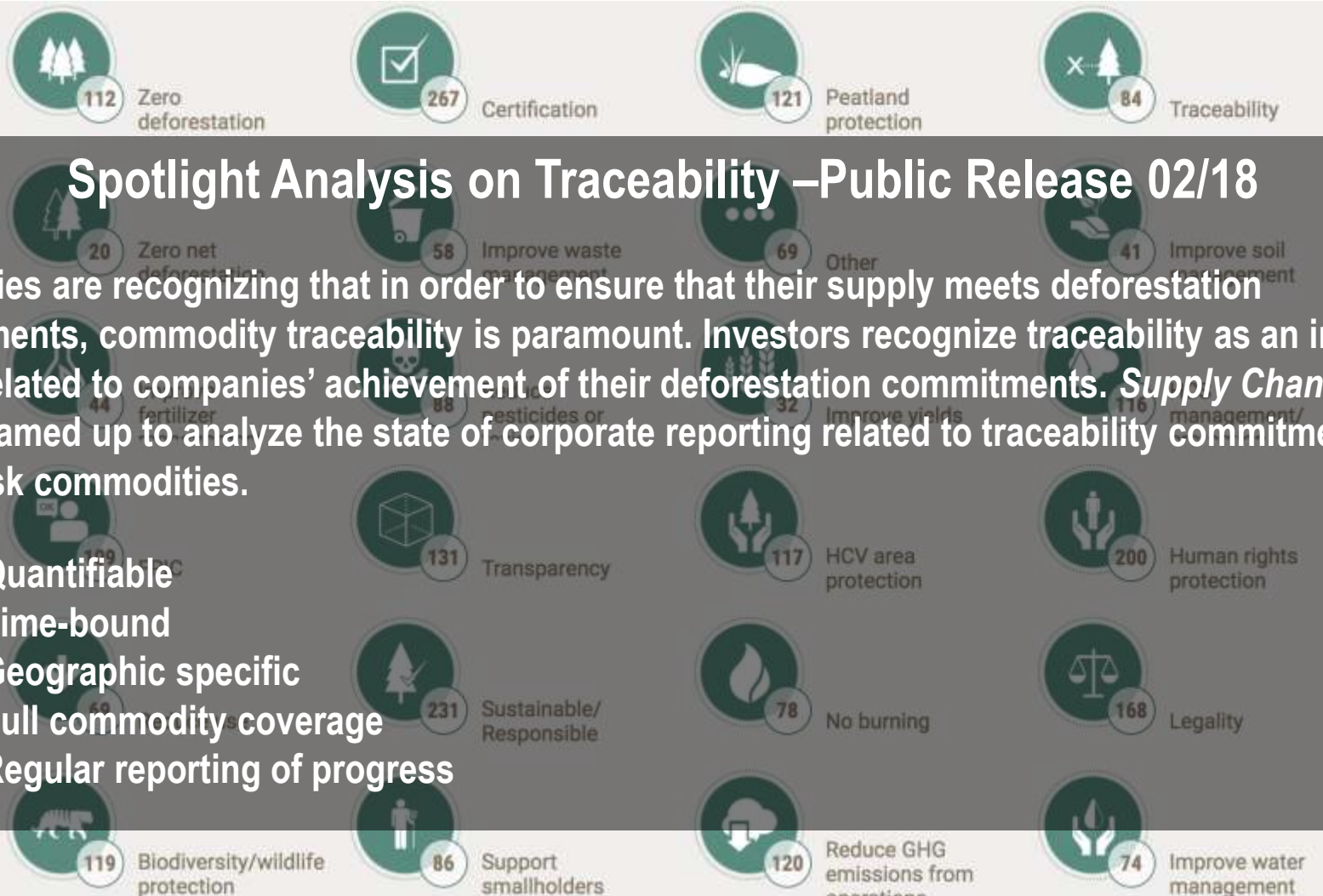
Practical Steps

Specific Action Plans and Policies to Achieve Commitments that Address Deforestation

Spotlight Analysis on Traceability –Public Release 02/18

Companies are recognizing that in order to ensure that their supply meets deforestation commitments, commodity traceability is paramount. Investors recognize traceability as an indicator of risk related to companies' achievement of their deforestation commitments. *Supply Change* and Ceres teamed up to analyze the state of corporate reporting related to traceability commitments for forest risk commodities.

- Quantifiable
- Time-bound
- Geographic specific
- Full commodity coverage
- Regular reporting of progress










Definitions and Guidance

Growing Recognition for Universal Agreement & Standardization

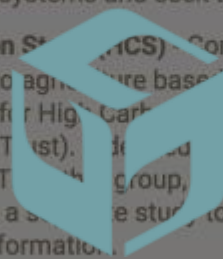
COMMITMENT GOALS AND PROCUREMENT POLICIES DEFINED :

Tracked Commitment Goals and Procurement Policies based on frequency of citation in commitment texts.

-  **Zero Deforestation** - Commits to "zero deforestation," "no deforestation," "deforestation-free" or similar language that implies "no deforestation anywhere," whether defined or not. See [Brown and Zarin, What Does Zero Deforestation Mean? in Science, November 2013](#) for a longer discussion of these terms and their implications.
-  **Zero NET Deforestation** - Commits to Zero Net Deforestation, the approach advocated by WWF and endorsed by the CGF, which "acknowledges that some forest loss could be offset by forest restoration", such as through the purchase of REDD+, biodiversity offsets, or mitigation banking credits. See [Brown and Zarin, What Does Zero Deforestation Mean? in Science, November 2013](#) for a longer discussion of these terms and their implications.
-  **Zero GROSS Deforestation** This term very specifically commits to no loss of forest area over time caused by conversion of forest for agriculture or other land uses. See [Brown and Zarin, What Does Zero Deforestation Mean? in Science, November 2013](#) for a longer discussion of these terms and their implications.
-  **High Conservation Value (HCV)** - Commits to follow the High Conservation Value (HCV) approach, a formal approach to identify habitats (such as within logging or agricultural concessions) that provide considerable values to human and natural ecosystems and seek to maintain or enhance them. See www.hcvnetwork.org for more information.
-  **High Carbon Stock (HCS)** - Commits to the High Carbon Stock (HCS) approach, which limits what lands can be converted to agriculture based on their carbon storage. The civil society group is developing their own definitions and thresholds for High Carbon Stock. One group, called the HCS Approach group, includes civil society (Greenpeace and The Forest Trust). It defined high carbon stock" as 35 tons of carbon per hectare in a pilot project in Kalimantan, Indonesia. The industry group, known as the Indonesian Palm Oil Alliance group, is industry-only, and is currently conducting a study to define high carbon stock. See Greenpeace's briefing and www.carbonstockstudy.com for more information.
-  **Peat protection** - Commits to peat land protection in any form, whether no development on peat at all, ever, or limiting development of peatland to peat of shallower depths or with particular soil composition characteristics.
-  **No burning** - Commits to no burning or use of fire as a means of clearing land for agriculture.

Definitions for key aspects (e.g. "forest")

Clear and consistent guidance on implementation, monitoring, verification, and reporting on progress and outcomes.



Accountability
Framework

Ways Forward

Collaboration and Multi-Stakeholder Efforts, i.e. “Related Activities”

Within each profile the following related activities were tracked. Related activities include multi-stakeholder memberships, declaration signatories, etc. in which entities are involved.

Banking Environment Initiative (BEI)
Brazilian Roundtable on Sustainable Livestock (GTPS)
Brazilian Vegetable Oil Industry Association – Soy Moratorium
British Retailing Consortium (BRC)
CanopyStyle Pledge
Consumer Goods Forum
Danube Soy
Forest Stewardship Council (FSC) Member
Global Forest & Trade Network (GFTN)
Global Reporting Initiative (GRI)
Global Roundtable for Sustainable Beef (GRSB)
High Carbon Stock (HCS) Approach Group

Indonesia Palm Oil Pledge (IPOP)
Leather Working Group (LWG)
New York Declaration on Forests
Palm Oil Innovations Group (POIG) Charter
Programme for the Endorsement of Forest Certification (PEFC)
International Stakeholder Member
Report to CDP Forests
Round Table on Responsible Soy (RTRS)
Roundtable on Sustainable Biomaterials (RSB)
Roundtable on Sustainable Palm Oil (RSPO)
Sustainable Agriculture Initiative (SAI) Platform
Sustainable Apparel

Coalition (SAC)
Sustainable Biomass Partnership (SBP)
Sustainable Palm Oil Manifesto
Sustainable Purchasing Leadership Council (SPLC)
Sustainable Trade Initiative (IDH)
TFT
The Sustainability Consortium (TSC)
Tropical Forest Alliance (TFA) 2020
United Nations (UN) Global Compact
Union for Ethical BioTrade (UEBT)
We Mean Business
World Business Council for Sustainable Development (WBCSD)
WWF Forest Campaign

Ways Forward

Collaboration and Multi-Stakeholder Efforts,
i.e. “Related Activities”

Highest Number of Participants with Commitments

Consumer Goods Forum	99
New York Declaration on Forests	41
Tropical Forest Trust	39
We Mean Business (Forest Group)	39
Tropical Forest Alliance 2020	21

Highest Percentage of Participants with Commitments

High Carbon Stock Steering Group	100%
New York Declaration on Forests	98%
Tropical Forest Alliance 2020	95%
Tropical Forest Trust	95%
We Mean Business (Forest Group)	91%

Highest Percentage of Commitments with Progress Information Available*

Palm Oil Innovation Group	73%
High Carbon Stock Steering Group	58%
Tropical Forest Alliance 2020	57%
Consumer Goods Forum Sustainability Committee	54%
We Mean Business	52%
New York Declaration on Forests	52%

**33 Japanese companies with commitments to address
commodity-driven deforestation.**

**14 CGF members
4 RSPO members
17 report to GRI**

Ways Forward

TFA 2020's 10 priorities to remove tropical deforestation from commodity supply chains



Commodities and Forests Agenda 2020:

Ten priorities to remove tropical deforestation from commodity supply chains

- 1 Eliminating illegality from supply chains
- 2 Growing and strengthening palm oil certification
- 3 Scaling up pilot programmes of sustainable intensification of cattle grazing
- 4 Sustainably increasing smallholder yields in palm oil and cocoa
- 5 Achieving sustainable soy production
- 6 Accelerating the implementation of jurisdictional programmes
- 7 Addressing land conflicts, tenure security and land rights
- 8 Mobilizing demand for deforestation-free commodities in emerging markets
- 9 Redirecting finance towards deforestation-free supply chains
- 10 Improving the quality and availability of deforestation and supply chain data



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