

# The “CDP Power of Procurement project”: Catalyzing action on ending deforestation in commodity supply chains

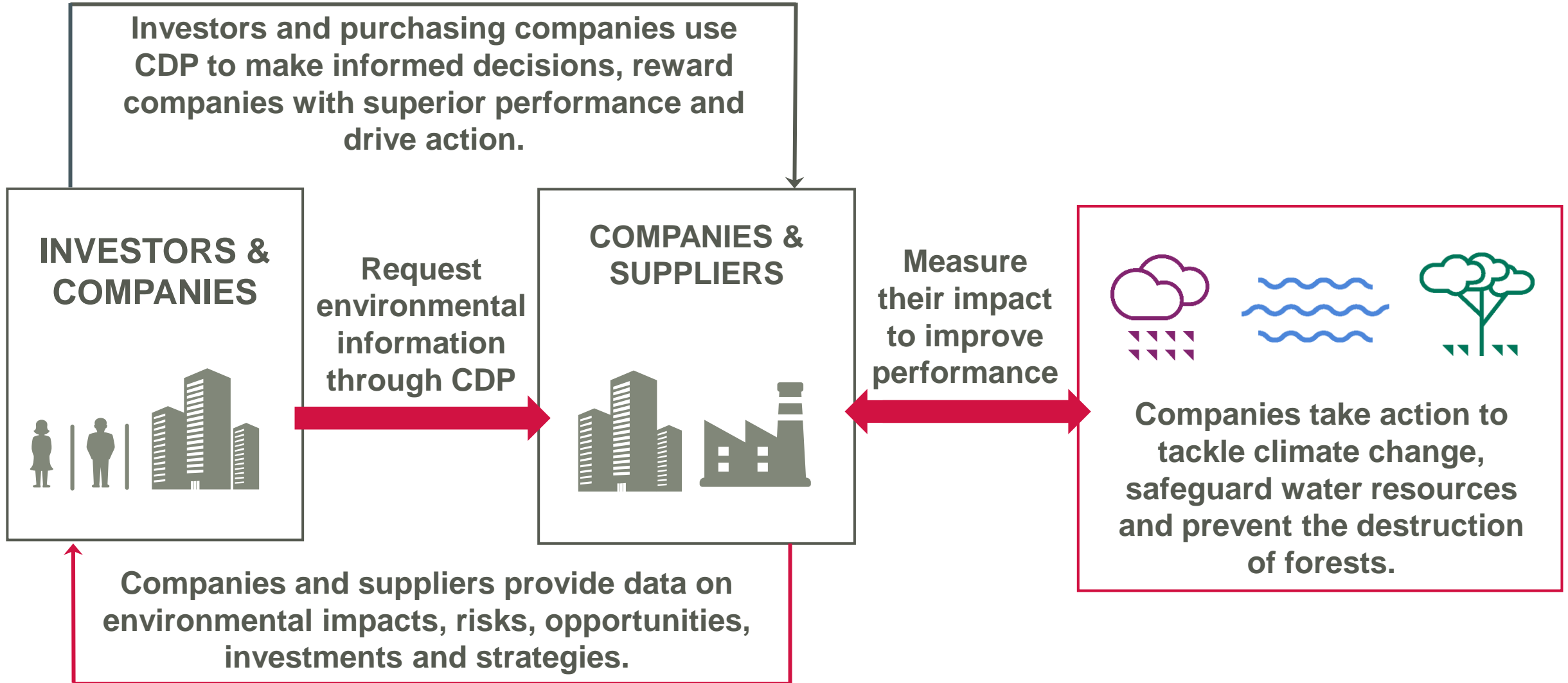
Laura Jungman

Forests Policy Manager, CDP

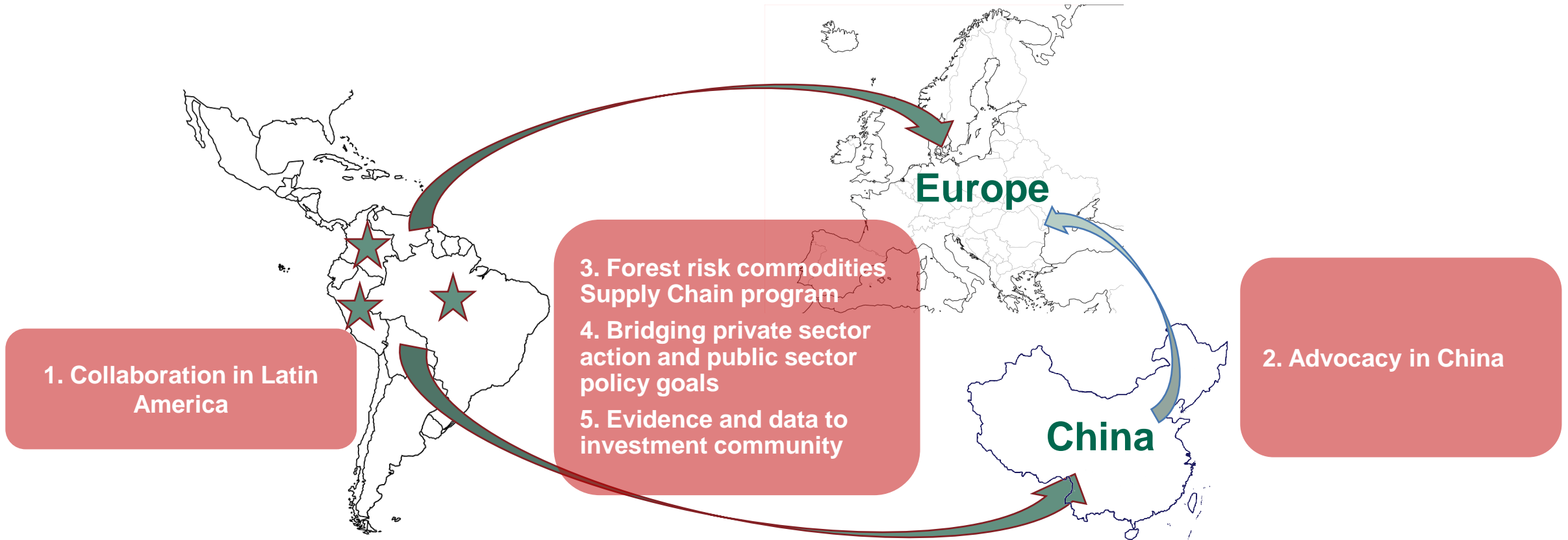
5 February 2019



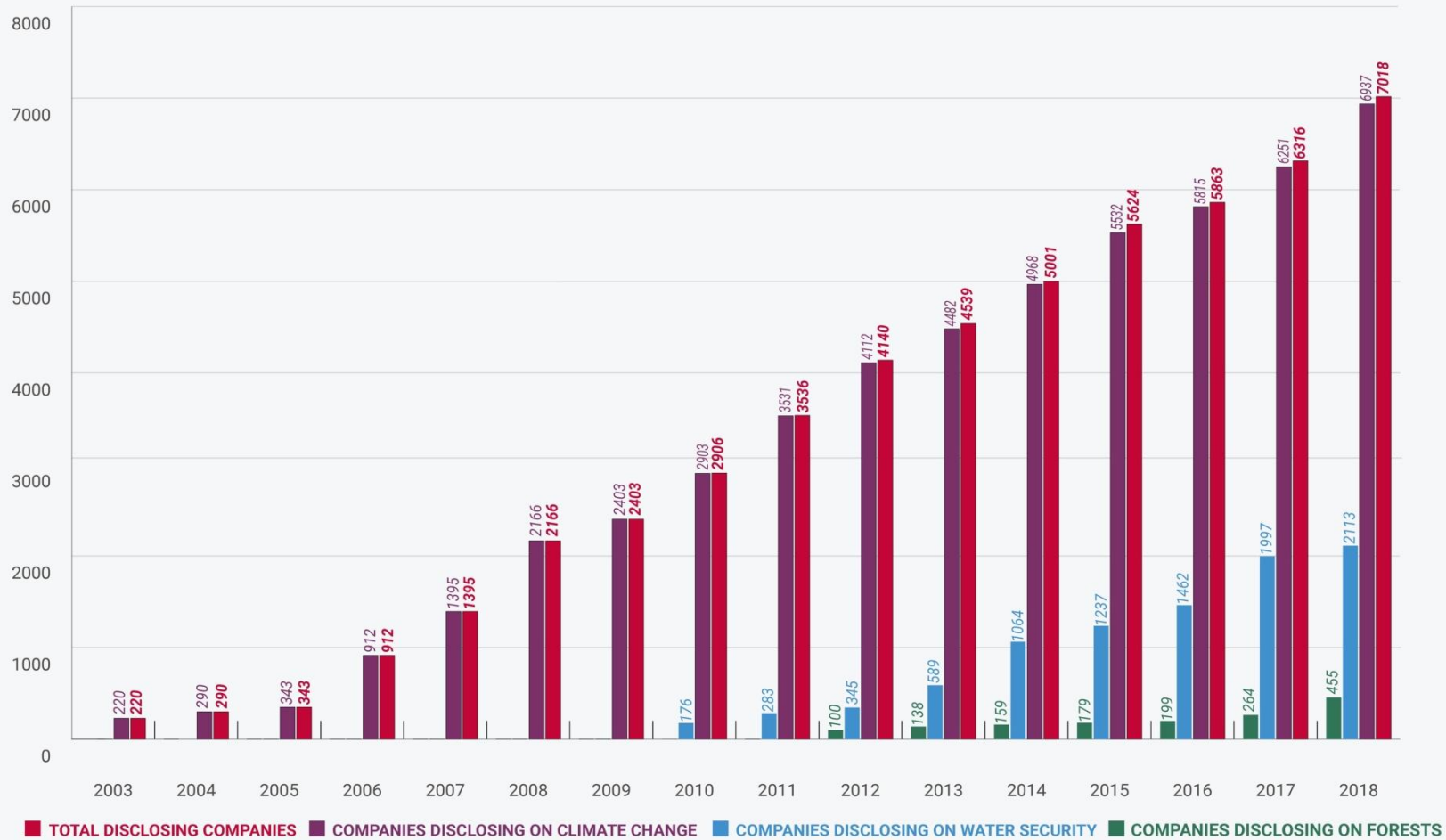
# HOW WE WORK



# The Power of Procurement - Catalysing action on deforestation risk in commodity supply chains from Latin America to China and Europe



# Disclosure trends 2003-2018



# CDP's Forests work with Investors



In 2018, CDP sent its forests questionnaire **on behalf of 656 institutional investors**, representing 87 trillion USD in assets, requesting corporates to disclose on their exposure to and action against deforestation.

- ▼ Lack of engagement and accountability on deforestation puts investments at risk.
- ▼ Understanding the material risks that come from deforestation and identifying the opportunities emerging for those acting against it.

# CDP's Forests work with Corporates



**14 corporates** request their suppliers to disclose on their exposure to and action against deforestation.

- ▼ **Decouple forest risk commodities production from deforestation**, and to remove commodity driven deforestation from corporate value chains.
- ▼ Focus on **driving corporate transparency** and disclosure with backing from institutional investors and supply chain members.
- ▼ 91 European companies responded to CDP's forests questionnaire in 2018.



## Risks

1. Availability of forest risk commodities
- 2. Regulatory uncertainty**
3. Brand damage related to forest risk commodities
4. Social impacts
5. Impact of activity on the status of ecosystems and habitats

## Opportunities

1. Increased brand value
  2. Driving demand for sustainable materials
  3. Ensuring supply chain resilience
  4. Increased transparency
  5. Increased capacity of sustainable commodity markets
- ▼ The case for financial opportunities for companies

# Action and engagement from governments and regulatory bodies

Governments play a vital role in sending policy signals and creating enabling environments to change corporate behavior.

- ▼ New York Declaration on Forests
- ▼ Paris Agreement
- ▼ Amsterdam Declaration
- ▼ FLEGT
- ▼ EP resolution of 4 April 2017 on palm oil and deforestation of rainforests
- ▼ Norway's Zero Deforestation Commitment
- ▼ France's 17 measures to reduce deforestation



# Call for Action - Companies



- ▶ European companies should **work with their suppliers** to ensure that their purchases are aligned with sustainability criteria, including deforestation-free standards.
- ▶ Promote effective **due diligence** process throughout their supply chains.
- ▶ European companies should work with governments from producing countries to develop **public private partnerships for monitoring** zero-deforestation commitments and to unlock sustainable finance for forests.

# Call for Action - Investors



- ▼ Forests account for 30% of the solutions of the climate crisis, but currently receive only 3% of funding.
- ▼ Investors should engage with their portfolio companies and **request disclosure of deforestation risk** in business operations including entire supply chains.
- ▼ Explore the potential of **investing in opportunities in deforestation-free commodity supply chains**, such as sustainable landscape bonds, green bonds or impact funds that target sustainable agriculture and forestry.

# Call for Action - Policymakers



- ▼ **Strengthen disclosure requirements** of companies by implementing a fit-for-purpose framework of corporate reporting that **delivers consistent and decision-useful information on deforestation to financial markets**, and ensures that companies comply with best practices of transparency on commodity-driven deforestation throughout supply chains.
- ▼ **Build on existing initiatives** such as FLEGT and expand to other forest risk commodities.
- ▼ **Work with producer countries' governments** and other key consumer countries for the effective implementation of regulation.
- ▼ **Seek compatibility** between environmental policies and other areas, such as trade and investment.

# Thank you!

Laura Jungman

[laura.jungman@cdp.net](mailto:laura.jungman@cdp.net)

[www.cdp.net](http://www.cdp.net)

