



Press Release

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FINANCIAL AND CORPORATE SECTORS CALL FOR GREATER TRANSPARENCY IN THE GLOBAL SUPPLY CHAINS THAT FUEL DEFORESTATION AT COPENHAGEN

Deforestation is responsible for around 18% of GHG emissions; the major driver of forest loss globally is the agricultural supply industry. This year a new project, Forest Footprint Disclosure, has highlighted the links between agricultural demand as a key driver of deforestation and has co-hosted a number of events relating directly to the cattle supply chain. Cattle ranching in Brazil is one of the world's most significant drivers of deforestation but the beef and leather supply chains it feeds extend through many multinationals to consumers all over the world. Many of these consumers may be unaware of the 'forest footprint' embedded in the products they use on a daily basis. On behalf of its endorsing investors FFD has engaged at several levels within these supply chains to increase transparency on how companies are managing their impact on forests. On the 10th and 12th of December in three separate events at the Copenhagen Climate Summit, the Forest Footprint Disclosure Project, with co-hosts Amigos da Terra, Imazon and National Wildlife Federation, will report on calls for increased transparency and traceability across forest risk commodity supply chains and focus particularly on the issue of cattle production in the Amazon region.

In July 2009 a questionnaire about supply chain policy relating to forest-risk commodities was sent to 218 companies. The results of this public disclosure request are currently being analysed and will be available in February 2010. The Forest Footprint Disclosure Project has the endorsement of 32 financial institutions¹, managing \$3.5 trillion of assets, and some of the world's largest quoted companies have engaged with these important issues via the

disclosure request in its maiden year. FFD is a project owned by the UK based Global Canopy Programme.

The FFD questionnaire was sent to more than two hundred Fortune 500 and FTSE 350 companies with high potential impacts on forests caused by the use of 'forest risk commodities' in their supply chains, such as palm oil, soya, timber, biofuels, beef and leather. The disclosure request was designed by the FFD Project specifically to help companies identify how and where forest impact could be improved in their operations as well as assisting businesses to identify the key areas to focus on in their supply chains². FFD is endorsed by a broad range of asset manager institutions, who recognize the potential for unsustainable commodities to cause a future valuation risk to their investments³.

The results of the questionnaire will be summarized in an Annual Review that is intended to provide a new environmental insight through data analysis and bespoke research. The complete responses will also be made available to endorsing investors. The published report will identify those companies that have generated innovative strategies for managing their risk and those that have declined or ignored the FFD Project request to disclose how they are managing their forest footprint. After this baseline assessment a ranking system will be used in subsequent years to gauge progress.

Both endorsing investors and responding companies, by publicly supporting and participating in the initiative respectively, have demonstrated a firm commitment to better understanding and managing their impact on forests, for example, through investment decision making, company engagement, supply chain management or in direct operations.

"Climate change is a global imperative which poses significant risks to the value of all long-term investors' portfolios." Freddie Woolfe at Hermes Equity Ownership Services said: "As the engagement representative of some of the world's biggest pension funds including our owner, the BT Pension Scheme, we recognise the importance of reducing deforestation as one of the main drivers of global Green House Gas emissions. Supporting the efforts of the FFD Project in raising the profile of the major drivers of deforestation, including the Brazilian cattle sector, as a key part of the climate change debate are an important element in our approach to this issue. On behalf of our clients, EOS actively supports the role of FFD in improving

transparency of company progress at all levels in the supply chain and in advancing sustainable practices”.

“Carrefour is raising supplier awareness to the problems of deforestation and to the need to have more traceability and commodities produced to certified standards.” Paul Rowsome, Group Environmental Manager at Carrefour Group said: “For example, Carrefour Brazil, within the framework of the ABRAS, has called for credible third party audits to ensure beef products are not from deforested areas of the Amazon. The Forest Footprint Disclosure project provides a new opportunity for Carrefour to communicate on our commitments and our action and will certainly help raise awareness of these issues amongst other companies not so advanced.”

Frank Henke, Global Director of Group Social & Environmental Affairs adidas Group said: “The Forest Footprint Disclosure Project offers the adidas Group a good tool to analyse and screen the company’s direct and indirect forest footprint in its global business operations. Our participation in this project will help guide internal efforts to create transparency in our supply chain.”

Lauren Orme, Sustainable Development Manager, Marks & Spencer said: "Marks & Spencer is committed to ensuring that all of the key raw materials that we use only come from the most sustainable sources available. When assessing the effect of our sourcing, we will always take into account the impact on the welfare of animals, the natural environment and contribution made to climate change. We have worked closely with our Brazilian beef supplier over the past decade to ensure that we only source from producers that promote the highest levels of animal welfare, respect the environment, and specifically do not contribute to deforestation. We have full traceability for all of our beef, which provides us with assurance that none of our sources come from within the Amazon biome. We welcome the FFD project as an important step on the path to reducing deforestation associated emissions and hope that our experience in supply chain management is useful to other companies participating in the project."

And Judith Batchelar, Director of Sainsbury's Brand, said "Good forestry management and the prevention of deforestation is a key component of Sainsbury's sourcing policies. We have always managed Sainsbury's forest footprint through working with suppliers and industry experts. We continually look for ways to improve how we respond to complex and evolving issues. That is why we welcome the work of the Forest Footprint Disclosure Project and appreciate this opportunity to demonstrate that we "Source with Integrity", one of Sainsbury's Corporate Responsibility values".

For more information on the FFD Project or to request a copy of the Global Forest Footprints Report visit www.forestdisclosure.com or contact Steven Ripley, Senior Manager, on + 44 (0)1865 240090, e-mail: s.ripley@forestdisclosure.com

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Notes to Editors

The Forest Footprint Disclosure Project a special project of the Global Canopy Programme, supported by DFID, the David and Lucille Packard Foundation, Esmée Fairbairn Foundation, the Rufford Maurice Laing Foundation and the Waterloo Foundation. It includes representatives of the Princes' Rainforests Project, UNEP Finance Initiative and the investment community on its Steering Committee.

¹ The Complete list of endorsers backing the FFD Project is;

- APG Asset Management
- Aviva
- Climate Change Capital
- Colonial First State Global Asset Management
- The Cooperative Asset Management
- Crédit Agricole Asset Management Group (CAAM Group)
- Dexia Asset Management
- EBG (Environmental Business Group) Capital
- Environment Agency Active Pension Fund
- The Ethical Funds Company
- ETICA SGR
- F&C Investments
- Generation Investment Management
- Hazel Capital
- Hermes Equity Ownership Services
- Impax Asset Management
- Insight Investment Management (Global) Ltd.
- Invesco Perpetual
- The Local Authority Pension Fund Forum (LAPFF)
- Natural Capital Funds Management
- Newton Investment Management Limited
- Norges Bank Investment Management
- Pictet & Cie
- Rathbone Greenbank Investments
- Robeco
- Royal London Asset Management
- Bank Sarasin & Co. Ltd
- Schroders
- Sustainable Development Capital LLP
- Threadneedle
- Triodos Bank
- VicSuper

²The FFD Project questionnaire requests information on company sourcing policy and management of operations and is downloadable from the website www.forestdisclosure.com The original data from the responses will give a clear snapshot of how well the issues are understood by commercial operators and where the bottlenecks exist within the total supply chain.

³ Deforestation driven by commercial activities can create a risk for companies and investment portfolios in a number of ways, for example:

- Regulatory Risk: new regulations or incentive schemes threatening supply of commodities and increasing costs
- Environmental Risk: direct impacts on commodity yields from loss of natural services provided by forests, such as changes in climate and rainfall patterns
- Reputation Risk: consumer awareness of the forest impact leading to damaged reputations for poorly performing companies

For further information or to request images, please contact: Claudia McKenzie or Lauren Wyper at The Good Agency PR on 020 7738 1900. Email: Claudia.McKenzie@thegoodagency.co.uk
lauren.wyper@thegoodagency.co.uk