

# Not on target: companies must do more to deliver the New York Declaration on Forests

## Introduction

In 2014, the New York Declaration on Forests (NYDF) set a clear target for removing deforestation from company supply chains by 2020. Five years on, the urgent need for action to mitigate climate change is ever-more apparent, and tropical forests are recognised as essential if we are to stabilise the climate and protect biodiversity. Yet tropical forests continue to be cleared.

The NYDF's 10 goals have been signed by over 190 organisations including 49 companies and 10 financial institutions. Goal 2 committed them to “support and help meet the private-sector goal of eliminating deforestation from the production of agricultural commodities [...] by no later than 2020”.

As 2020 approaches, the latest NYDF Progress Assessment confirms that we are going to miss the goals set for next year. These include Goal 2 to eliminate commodity driven deforestation and the overarching Goal 1, to halve global deforestation rates by 2020<sup>1</sup>, confirming earlier warnings<sup>2</sup>.

Global Canopy's Forest 500 project has been assessing the 500 largest powerbrokers in the supply chains linked to tropical deforestation annually since 2014. We assess powerbrokers on the strength of their public commitments to address deforestation and their self-reported progress against these commitments. Using the 2018 Forest 500 data, we have assessed the individual progress that the companies and financial institutions that signed the NYDF in 2014 have made towards Goal 2. The Forest 500 includes 31 NYDF parent signatory companies (in two cases two subsidiaries of a parent companies have signed the declaration).

<sup>1</sup><https://forestdeclaration.org>

<sup>2</sup> Rogerson, S., 2019. Forest 500 annual report 2018 - the countdown to 2020, Global Canopy: Oxford, UK.  
[https://forest500.org/sites/default/files/related-documents/forest500\\_annualreport2018\\_0.pdf](https://forest500.org/sites/default/files/related-documents/forest500_annualreport2018_0.pdf)

Greenpeace, 2019. Countdown to Extinction - what will it take to get companies to act?  
<https://www.greenpeace.org/international/publication/22247/countdown-extinction-report-deforestation-commodities-soya-palm-oil/>

## Fourteen major NYDF signatory companies have failed to publish their own zero deforestation commitment that covers all commodities.

Of the 31 Forest 500 companies<sup>3</sup> who are signatories, 14 have not made overarching commitments to zero or zero net deforestation in all of their supply chains and operations. These companies have not translated their support for the NYDF into their own commitment – a critical first step to implementing zero deforestation supply chains. Whilst some of these companies have made specific commitments, for example on deforestation free palm oil, they have not addressed all commodities that expose them to deforestation.

Company	Example brands	Forest 500 Score	Our recommendations
Ahold Delhaize	Delhaize, Albert Heijn, Etos, Food Lion, AB	● ● ○ ○ ○	<p>These companies have failed to back up the commitment they made under the NYDF.</p> <p>Before 2020 they need to, at least, set their own commitment to eliminate deforestation as soon as possible from all of their supply chains and operations.</p>
BioMar		● ● ○ ○ ○	
Essity	Cushelle, Lotus, Tempo, Bodyform, TENA	● ● ● ○ ○	
Ferrero Group	Nutella, Kinder, Ferrero Rocher, Tic Tac	● ● ● ○ ○	
Johnson & Johnson	Aveeno, Neutrogena, Benadryl, Listerine, Johnson's	● ● ● ○ ○	
Mitsubishi Corp.	Prince's, Napolina, Cookeen	● ● ○ ○ ○	
Mondelez International Inc.	Oreo, Belvita, Cadbury, Cote d'Or, Milka, Ritz, Philadelphia	● ● ● ○ ○	
Musim Mas	Sunco, Surya Gold, Harmony	● ● ● ○ ○	
Royal Golden Eagle (Asian Agri and APICAL)	PaperOne, Vitas, Medalia, Harumas	● ● ○ ○ ○	
SHV holdings (Nutreco)	Skretting, Trouw Nutrition, Makro	● ○ ○ ○ ○	
Sime Darby Bhd.	Alif, O'Life, Chief	● ● ● ○ ○	
Sinar Mas Group Co. Ltd. (Asia Pulp and Paper and Golden-agri resources)	Palmvita, Filma, Seagull, Flagship, Savvi, Foopak	● ● ● ○ ○	
Wilmar International Ltd.	Arawana, Sania, Fortune	● ● ○ ○ ○	
Yum! Brands Inc.	KFC, Taco Bell, Pizza Hut	● ● ○ ○ ○	

<sup>3</sup>The 33 NYDF signatories equate to 31 companies in the Forest 500 as Apical Group and Asian Agri who are both signatories are assessed by Forest 500 as part of the parent company Royal Golden Eagle, similarly Asia Pulp and Paper and Golden-Agri Resources who are both signatories are assessed as part of their parent Sinar Mas.

**Seventeen influential signatories have made overarching commitments to eliminate deforestation, but these still need to be strengthened and implemented.**

Fourteen of the 17 companies that have set their own deforestation commitments have also translated these into commodity-specific policies for each of the forest-risk commodities that they produce or buy. Grupo Bimbo, McDonald’s and Wal-Mart have not.

**Grupo Bimbo, McDonald’s and Wal-Mart need to translate their overarching commitment into actionable commitments for each of the commodities they buy, including clear implementation plans.**

Company	Example brands	Forest 500 Score	Our recommendations
Grupo Bimbo SAB de CV	Bimbo, Vital, SaraLee, Tia Rosa	● ● ○ ○ ○	These companies have not translated the ambition of the NYDF in their own commitments.  To meet the goal they have to act on all of their commodities.
McDonald's Corp.	McDonald's, Arcos Dorados, McCafe	● ● ○ ○ ○	
Wal-Mart Stores Inc.	Sam's Choice, Great Value, George, Equate	● ● ● ○ ○	

**Eight companies with commitments are not disclosing implementation actions, commitments are meaningless if they are not implemented.**

Company	Example brands	Forest 500 Score	Our recommendations
Cargill		● ● ● ○ ○	These companies should review their action plans, and publish what they are doing to achieve their milestones.
Danone	Danone, Alpro, Actimel, Activia	● ● ● ○ ○	
Kellogg Co.	Coco pops, Kellogg's, Pop tarts	● ● ● ○ ○	
L'Oreal S.A.	L'Oreal, Maybelline, Garnier	● ● ● ● ○	
Orkla Group	Grandiosa, Toro, Felix	● ● ● ○ ○	
Procter & Gamble Co.	Herbal Essence, Head & Shoulders, Pantene, Olay, Pampers, Always, Fairy	● ● ● ● ○	
Tesco plc	Tesco's finest, Heart Food Co., Ms Molly's	● ● ○ ○ ○	
Unilever PLC	Hellmann's, Magnum, Ben & Jerry's, Dove, Persil	● ● ● ● ○	

Six companies (Amaggi, General Mills, Kao Corp., Marks & Spencer, Nestle and SC Johnson) are disclosing the actions they are taking on key areas at least three of the five activities that the Forest 500 assessment considers necessary to implement their commitments across all of the commodities.

Only two of the NYDF signatory companies that are assessed in the Forest 500, Kao Corp. and Nestle, are implementing and reporting progress on commitments for all of the commodities that they produce or buy and transparently reporting the volumes that they are sourcing in compliance with their deforestation-free commitment.

**General Mills, M&S, Amaggi and SC Johnson are not sufficiently reporting progress on their commitments.**

Company	Example brands	Forest 500 Score	Our recommendations
General Mills Inc.	Cheerios, Haagen-Dazs, Nature Valley	● ● ● ● ○	These companies need to be transparent in the progress that they have made towards 2020, and when they will achieve the goal, even if this is after 2020.
Grupo Andre Maggi	Danone, Alpro, Actimel, Activia	● ● ● ○ ○	
Marks & Spencer Group PLC	Per Una, Autograph, Blue Harbour, Percy Pig	● ● ● ● ○	
SC Johnson & Son Inc	Glade, Duck, Mr Muscle, Raid, Ecover,	● ● ● ○ ○	

While Kao and Nestle are still going to miss the 2020 deadline other companies should be following their example in terms of setting and reporting on strong commitments.

Ending global deforestation requires an industry-wide shift. That means that leading companies need to collaborate with other companies in their sector to drive this shift. They cannot deliver the goal alone.

**Kao and Nestle are leading the way in setting and reporting on commitments, but need to maintain their ambition and achieve deforestation-free commodities as soon as possible.**

Company	Example brands	Forest 500 Score	Our recommendations
Kao Corp.	Kanebo, Sofin, Molton Brown	● ● ● ● ●	These companies must maintain ambition and reporting against their commitments.
Nestlé S.A.	KitKat, Purina, Nescafe, Nespresso	● ● ● ● ●	

### Progress to a deforestation-free supply chain

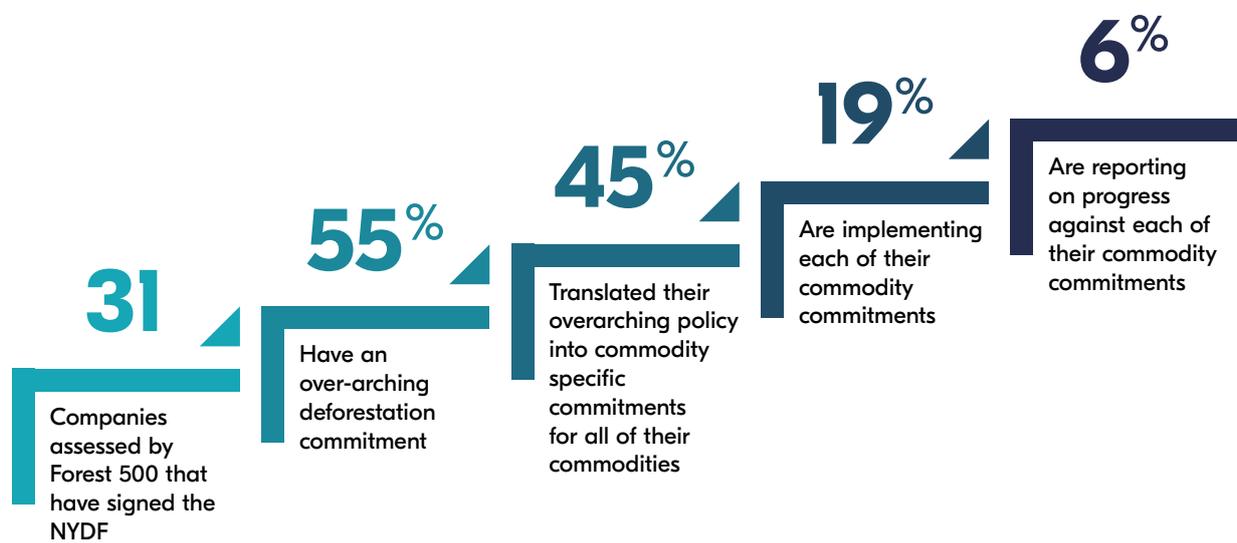


Figure 1: the percentage of the New York Declaration on Forest signatories in the Forest 500 that are at each stage in the path to a deforestation free supply chain.

Forest 500 identified 350 companies as powerful in key forest-risk commodity supply chains, 319 have not signed the New York Declaration of Forests. Ninety-two percent of these do not have a commitment to eliminate deforestation from all of their operations.

The corporate sector needs to do more to recognise and act on the deforestation that their business is linked to, and the consequences of not acting.

## **Financial institutions are not doing enough to meet their commitment.**

Ten financial institutions have signed the NYDF. Financial institutions are exposed to many risks by financing companies that are linked to tropical deforestation<sup>4</sup>.

Five of the financial institutions who signed the declaration are recognised by Forest 500 as among the 150 largest financiers to companies in forest-risk supply chains. Barclays, Deutsche Bank, Lloyds and Westpac are included in their own right, and Calvert Investment management is included under its parent company, Eaton Vance.

## **Barclays, Lloyds, Westpac and Eaton Vance need to set their own public policies on deforestation to match the commitment that they signed up to through the NYDF.**

Only one of these institutions, Deutsche Bank, has made a commitment to achieve zero net deforestation in its portfolio companies, and has set requirements for forest protection for the companies that it finances across all of the commodities considered (palm oil, soy, cattle products and timber products).

Two of the signatories, Lloyds and Westpac, have policies to encourage forest protection in the relevant commodity supply chains, but do not make this a requirement of the companies that they finance. These institutions should set deadlines for the companies they finance to comply with these policies.

It is important that financial institutions have policies and make these policies public as this sends a clear signal to companies and is a first step to tackling deforestation.

## **Financial institutions must implement their policies and require companies to act**

Despite these policies, all five of these financial institutions continue to finance Forest 500 companies that do not have commitments to protect forests. Financial institutions need to set strong requirements for portfolio companies to address deforestation in their supply chains. But policies without implementation are meaningless, financial institutions must follow these with monitoring and engagement activities to ensure that action is actually taking place.

Across the remaining 145 financial institutions identified by the Forest 500 as important, 70% do not have any policies on forest protection at all, let alone across all commodities.

Financial institutions need to recognise the financial risks of being linked to deforestation, their role in motivating companies to act, the need to target finance towards sustainable activities, the need to make the consequences of not acting real, and on the advantages to acting early on these risks.

<sup>4</sup>Global Canopy, 2017. Linking deforestation risks to investment value.  
<https://www.globalcanopy.org/publications/linking-deforestation-risks-investment-value>

## **NYDF progress shows that voluntary action is not sufficient and governments need to make action by companies and financial institutions mandatory**

Companies and financial institutions have so far failed to implement the ambition of the Declaration in their own operations. But they also cannot achieve the Goals without industry-wide change. They need to act, and encourage others in their sector, supply chains, and portfolios to act with them, to create an industry shift to deforestation-free commodities.

Forty-one national governments and 21 subnational governments have also endorsed the Declaration since 2014. Of the 20 countries that buy and consume the most forest-risk commodities (as identified by Forest 500), only eleven endorsed the NYDF. Of these, none have introduced regulation that systematically tackles deforestation in the imports of all forest-risk commodities.

### **Key Trading Jurisdictions that have signed the NYDF**

- Egypt
- EU EEA including Switzerland
- Indonesia
- Japan
- Mexico
- Philippines
- Rep. of Korea
- Thailand
- Turkey
- USA
- Vietnam

**Governments in consuming countries should require companies to undertake due diligence to assess, prevent and mitigate environmental and social risks in their supply chains and operations.**



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