



Press Release

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FOOTPRINTING THE BUSINESS LINK TO DEFORESTATION

“Investors are sleepwalking into a financial bear trap as businesses are increasingly called to account about their growing impact on the world’s forests”

Speaking at the official launch of the Forest Footprint Disclosure Project (FFD) at DFID¹ today (15th June 2009), Andrew Mitchell, Chair of the FFD Project steering committee and an international expert on tropical forests, called for investors to better understand the financial risks that agricultural commodities from deforested land (beef, soy, palm oil, timber and biofuels) pose to their portfolios. He also launched “Global Forest Footprints”, a report that details how consumer products containing commodities sourced on rainforest land drive deforestation, and which explains how the FFD Project can help investors better manage their related risks.

Andrew continued: “Deforestation is a global emergency, the importance of which the business world needs to wake up to. Billion dollar funding mechanisms and new regulations are being put in place by governments to curb emissions from forests and agriculture. Calls are being heard from world leaders, major businesses, and influential NGOs to halt deforestation now and this is going to have a material impact on the way business can act in the future.

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The launch of the Forest Footprint Disclosure Project creates a simple starting point for businesses to assess their impact on the world's forests, which could be reflected in their future value, and for investors to pick potential winners and losers." The FFD Project will, for the first time, engage the financial community and businesses to help them understand their 'forest footprint', a measure of the use of commodities within a business's supply chain which may directly or indirectly contribute to deforestation, as well as take action to minimise its impact. To achieve its ambitious aims it will provide investors with a tool to recognise the regulatory, environmental and reputation risks from deforestation, as well as emerging upside opportunities, in a similar way to the Carbon Disclosure Project².

And the project already has the backing of powerful institutions in the city with more expected to follow shortly. 12 major financial institutions with collective assets of over US\$1.3 trillion have already agreed to put their names to a letter requesting disclosure of companies' forest footprints³. The letter and accompanying disclosure questionnaire will be sent to 150 companies in the Fortune 500 as well as 50 other companies with a high potential forest footprint.

The complete results of the Forest Footprint Disclosure questionnaire will be made available to endorsing investors and summarised in an annual report, the first of which will be produced in January 2010. The report will identify companies that are 'best in class', those that have identified innovative strategies for managing their risk, and those that declined the request to disclose their forest footprint.

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The questionnaire will enable companies to identify how and where deforestation can be reduced and driven out of their operations. Global business is already taking note and a number of high profile companies are already interested in disclosure. Gareth Thomas, Minister of State, said "Deforestation is a real and serious threat. It is important that businesses seize the initiative and engage with the FFD Project so that they can understand the environmental impact of their business. My challenge to businesses is to get involved with the project and then implement steps to reduce their forest footprint. I want to see companies taking the lead in the same way as many have done when reducing their carbon footprint.

"Investors have a key role to play as they manage their portfolios and use their influence to help direct business in a positive direction. This could prove to be a pivotal project in the fight against deforestation and DFID will continue to work with the Forest Footprint Disclosure Project."

The Forest Footprint Disclosure Project is the brainchild 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 Committee⁴. 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, project manager, on 01865 240090

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Notes to Editors

¹ DFID has provided a £75,000 grant to the Global Canopy Programme (GCP) to help set up the Forest Footprint Disclosure (FFD) project. The UK government supports this initiative as a positive step towards increasing the sustainability of supply chains, improving environmental protection and taking action to reduce activities that contribute to climate change. DFID will maintain its interest in the FFD project and will continue to work with the GCP to help the project develop.

The government grant has helped GCP to appoint a team, undertake research and develop a strong business case for investors and companies to demonstrate the risk associated with deforestation and the opportunities associated with reducing it.

² The FFD Project requests information on company policy and management of operations with respect to deforestation and what companies perceive to be the associated risks and opportunities. Whilst the CDP requests that companies measure and report their carbon emissions and what they perceive to be the associated risks and opportunities. The CDP does not cover deforestation directly nor the 20% of greenhouse gas emissions from deforestation. The CDP and the FFD work together closely and the CDP is a member of the FFD Project's Steering Committee.

³ The full list of investors endorsing the FFD Project comprises: -

1. Aviva
2. Climate Change Capital
3. Crédit Agricole Asset Management Group (CAAM Group)
4. EBG (Environmental Business Group) Capital
5. Environment Agency Active Pension Fund
6. F&C Investments
7. Generation Investment Management
8. Hazel Capital
9. Hermes Equity Ownership Services
10. Rathbone Greenbank Investments
11. The Cooperative Asset Management
12. Triodos Bank

⁴ The organisations represented on the steering committee are: -

- Carbon Disclosure Project
- Fauna & Flora International
- The FTSE Company
- Global Canopy Programme
- Prince's Rainforests Project
- Strategic Environmental Consulting
- UK Department for International Development
- UNEP Finance Initiative

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