



Press Release

Issue Date: 10 February 2010

INTERNATIONAL BRANDS LEAD THE WAY IN DISCLOSING THEIR GLOBAL FOREST FOOTPRINT

A Report published today by the investor-backed initiative the Forest Footprint Disclosure (FFD) project reveals the names of those businesses that have responded to its first call to disclose details of their 'Forest Footprint'. This term indicates the extent to which procurement policies for Forest Risk Commodities (FRCs) such as palm oil, soy, timber, beef, leather and biofuels are linked to deforestation. The Report identifies two high profile British High Street names as 'Best Performers' in their sectors – Marks & Spencer (General Retail) and Sainsbury's (Food and Drug Retail).

The first Disclosure Request, in the form of a questionnaire, was sent to 217 high profile international companies, selected by Fortune 500 status and exposure to FRCs, in July 2009. The Disclosure Request has, in the past six months, tripled the number of financial institutions backing its call to 34 asset managers with collective funds under management of \$3.5 trillion. Companies were asked to disclose information in 11 key sections, including Risk Assessment, Sustainable Supply Chain Development and Support and Governance Process. The Report identifies those companies that disclosed, those that did not respond at all and those that refused to disclose and for each of 10 business sectors it summarises responses based on a unique methodology covering both current performance and management of performance improvement. It also examines the key issues for individual FRCs and the challenges which lie ahead for business, NGOs and government in tackling the link between the use of commodities within supply chains and deforestation.

35 companies disclosed in response to this first approach, with big names such as **British Airways, BMW, Travis Perkins, L'Oréal, Weyerhaeuser, Kingfisher, Adidas, Nike, Mondi and Unilever** demonstrating their commitment to the Disclosure Request.

“This is a very promising start in our first year”, says Tracey Campbell, Director of FFD. “We have raised the profile of the links between deforestation and commodities, informing the business community about the issue, and we plan to build on this initial engagement in future years.”

Several respondents admitted that they had not been looking for this data prior to FFD’s request and a number of non-responding companies in 2009 have already indicated that they intend to participate in the 2010 survey. “Revealingly, some companies who are communicating ‘environmentally friendly’ policy and messages in their consumer marketing mix, did not disclose their impact on forests,” says Campbell. “Whilst we understand that creating a robust and sustainable supply chain with full traceability is a challenge for businesses, those that have disclosed show that their forward-thinking management is managing a supply chain risk to their business over the long term and managing the issue of climate change intelligently.”

The Best Performers by Sector

Oil and Gas	Neste Oil, Finland
Food Products and Soft Drinks	Danisco, Denmark
Personal Care and Household	L’Oréal, France
Food and Drug Retailers	J. Sainsbury plc, UK
Farming and Fishing	IOI Group, Malaysia
General Retailer	Marks and Spencer, UK
Basic Materials	Mondi plc, UK
Industrial and Auto	Weyerhaeuser, USA
Utilities	Drax Group, UK
Other Consumer¹	Reed Elsevier, NL

The FFD project is highlighting this issue at a time when global calls to halt deforestation are sharply rising. Regulatory measures are now likely to over-ride voluntary measures and this could impose increasingly serious penalties for non-compliance in the future.

¹ A broad spread of industry sectors exposed to a range of FRC commodities

“There will be no solution to climate change without a solution to deforestation and in the last decade, business has become the fastest growing driver of this global emergency”, says Andrew Mitchell, Chairman of FFD Steering Committee. “Our disclosure approach is intended to make companies sit up and take notice of their corporate responsibility to make downsizing their Forest Footprint a priority. We are entering a new 21st century economic model where free access to convert forest lands to supply commodities, especially in the tropics, is increasingly being outlawed. This ground breaking report is the economic sounding bell indicating for the first time which businesses are reacting positively in trying to reduce their impact on deforestation. Investors will want to know who they are.”

Gareth Thomas, International Development Minister, said: “Deforestation is responsible for more carbon emissions than all the world’s cars and aeroplanes combined. Governments and charities are working hard to prevent the rapid loss of forests and we need the support of the business community to achieve this.”

“This landmark report makes companies accountable to both investors and consumers for their impact on the world’s forests, and shows how far some businesses have come in addressing this problem. Forest footprints, like carbon footprints before them, are increasingly important for investors when making their choices on the trading floor. I would encourage all businesses to join this scheme and show what they are doing to reduce their forest footprints.”

The Report marks the first time that this kind of information has been so widely exposed to public interrogation. Tracey Campbell emphasises its importance in communicating a better understanding of the concept of a Forest Footprint among business and, ultimately, consumer audiences. She says: “Creating an understanding of the issues around the concept of a Forest Footprint is absolutely fundamental to FFD’s mission. This first Report is a landmark because it shows for the first time how some disclosing companies are tackling the issue of sustainable sourcing of Forest Risk Commodities, alongside the kind of information that will help businesses develop their own management strategies. We particularly want to encourage companies to take the first step in identifying where their FRCs come from so that they can tell whether they can be part of the solution.”

“Consumers are increasingly aware of the issue of deforestation and are favouring those brands and companies which can demonstrate a clear link to sustainably sourced commodities. Investors will want to know which companies are facing up to the challenges.”

FFD is scheduling a second disclosure request cycle for June 2010 and a US launch is planned for later this year to raise awareness of the concept of the Forest Footprint among more investors and potential corporate respondents.

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 Committee.

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Notes to Editors

1) The full list of investors endorsing the FFD project comprises:

1. Amundi Group
2. APG Asset Management
3. Aviva
4. The Children's Investment Fund Management (UK) LLP
5. Climate Change Capital
6. Colonial First State Global Asset Management
7. The Cooperative Asset Management
8. Dexia Asset Management
9. EBG (Environmental Business Group) Capital
10. Ecclesiastical Investment Management
11. Environment Agency Active Pension Fund
12. ETICA SGR
13. F&C Investments
14. Generation Investment Management
15. Hazel Capital
16. Hermes Equity Ownership Services
17. Impax Asset Management
18. Insight Investment Management (Global) Ltd.
19. Invesco Perpetual
20. The Local Authority Pension Fund Forum (LAPFF)
21. Natural Capital Funds Management
22. Newton Investment Management Limited
23. Norges Bank Investment Management

24. Northwest & Ethical Investments L.P.
25. Pictet & Cie
26. Rathbone Greenbank Investments
27. Robeco
28. Royal London Asset Management
29. Bank Sarasin & Co. Ltd
30. Schrodgers
31. Sustainable Development Capital LLP
32. Threadneedle
33. Triodos Bank
34. VicSuper

2) The organisations represented on the steering committee are: The Carbon Disclosure Project, The Cooperative Asset Management, UK Department for International Development (DFID), Fauna & Flora International, FTSE Company, the Global Canopy Programme, Hermes Equity Ownership Services, The Prince's Rainforest Project, Strategic Environmental Consulting, UNEP Finance Initiative and WWF UK.

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