

New global 'ratings agency' ranks the 500 institutions with power to end deforestation by 2020

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On the heels of a year marked by bold zero deforestation commitments the first ever comprehensive ranking of the powerbrokers that control the global supply chains that drive over half of tropical deforestation finds that only a small minority are equipped to tackle this problem. Deforestation and land use change cause more than 10% of global greenhouse gas emissions, undermine regional water security, and threaten the livelihoods of more than one billion people worldwide.

Based on a rigorous methodology, and drawing on over 40,000 data points from public and private sources, the Global Canopy Programme has identified, assessed and ranked 250 companies, with total annual revenues in excess of US \$4.5 trillion; 150 investors and lenders; 50 countries and regions; and 50 other influential actors in this space. Together, these 500 control the complex global supply chains of key 'forest risk [commodities](#)' such as soya, palm oil, beef, leather, timber, pulp and paper that have an annual trade value of more than US \$ 100 billion and are found in over 50% of packaged products in supermarkets.

Assessed against dozens of policy indicators, only seven of the Forest 500 scored the maximum number of points - companies Groupe Danone (France), Kao Corp. (Japan), Nestle S. A. (Switzerland), Procter & Gamble (US) and Reckitt Benckiser Group (UK), Unilever (UK) and banking and financial services giant HSBC (UK). At the other end of the scale, 30 companies, many based in Asia and the Middle East, and

numerous investors scored zero points. Countries received a range of scores, with Latin American nations scoring high in forested regions and the Netherlands and Germany coming top amongst countries that import forest risk commodities.

"We are currently all part of a global [deforestation](#) economy. Deforestation is in our chocolate and our toothpaste, our animal feed and our textbooks, our buildings and our furniture, our investments and our pensions. Our goal with the Forest 500 is to provide precise and actionable information to measure the progress of society to achieve zero deforestation. Together, these 500 countries, companies and investors have the power to clean up global supply chains and virtually put an end to tropical deforestation." said Mario Rautner, The Global Canopy Programme's Drivers of Deforestation Programme Manager.

At the UN Climate Summit last year, prominent representatives from business, governments, indigenous communities and civil society, signed the landmark New York Declaration on Forests. It spells out ambitious commitments to cut natural deforestation in half by 2020 and end it by 2030. A similar pledge to achieve net zero deforestation by 2020 has been made by the Consumer Goods Forum (CGF), a global association of companies and service providers, including major manufacturers and retailers. The Forest 500 illustrates the progress made by the CGF, whose members achieve an average score that is 80% higher compared to companies that are not part of the initiative.

Rautner added, "Though the Forest 500 findings highlight that much work needs to be done, the good news is that a number of big players across sectors are demonstrating the leadership that is needed. Putting policies in place is just the necessary first step in addressing tropical deforestation and their implementation will be critical in order to transition to deforestation free supply chains by 2020."

Analysis highlights include:

Tropical deforestation is being addressed to varying extents by governments in tropical countries and regions, yet a more comprehensive approach with support from the most important trade partner countries is needed.

- The countries included in the Forest 500 represent nearly 90% of the world's tropical forests and almost 90% of the [tropical deforestation](#) that occurred in the last decade. Yet few countries have so far developed zero or net zero deforestation goals that echo the ambitious goals of the New York Declaration on Forests.
- On average, Latin American countries, including Colombia, Brazil and Peru, ranked highest
- Lower scoring countries include Madagascar, in part due to its high forest loss between 2000 and 2012, and Nigeria, for its relatively low forest policy and governance scores.
- The most developed forest policies in commodity importing countries, such as those in the Netherlands and Germany, tend to be commodity specific and industry led, rather than government, initiated.
- Crucial importing countries such as China, which is responsible for importing over 22% of the value of all forest risk commodities, and India, a key importer and consumer of palm oil, achieved low scores.

As a group, the 250 companies are falling short of adopting policies that ensure a speedy transition to a zero deforestation economy by 2020, but individual

actors are making good progress.

- The consumer-facing home care, and cosmetics and personal care industries are shown to perform best, whilst the animal feed industry lags behind other sectors.
- Companies with higher revenues score significantly better than those with lower revenues. In particular, once companies surpass annual revenues of US\$10 billion, policy scores increase sharply, averaging nearly double that of companies below the ten billion threshold.
- Publicly-listed companies score more than 50% higher than privately-owned companies and those with other governance structures.
- The location of [company](#) headquarters is found to be a key differentiator with the best scoring companies headquartered in North America, slightly outperforming those in Europe and Latin America, while companies in the Asia-Pacific region lag behind.
- Companies in some of the most critical forest risk commodity importing countries, such as China and India, score well below the average, with Russian companies at the bottom of the table.

Investors are in a unique position to ensure a rapid transition to a zero deforestation economy, yet most have poorly developed sustainable investment policies.

- None of the investors assessed have a commitment to overall zero or net zero deforestation for forest risk commodities.
- Of those assessed, sovereign wealth funds and hedge funds scored very low for their sustainable investment policies, while banks achieved higher scores - proving that progress is possible within the investment and lending community.
- Assessments show that investors headquartered in Europe tend to

have more developed sustainable investment policies than those headquartered in North America and the Asia-Pacific region.

More information: www.forest500.org/

Provided by Burness Communications

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