



The Forest Footprint Disclosure Project

A toolkit to help investors understand
Corporate Performance related to
Global Deforestation

www.forestdisclosure.com



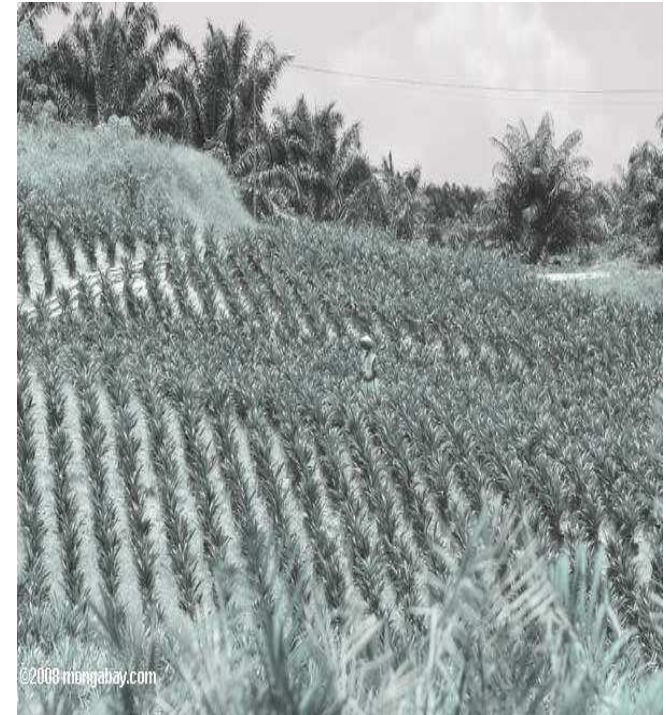
Why Forests and Why Now?

- Carbon storage and capture
- Biodiversity
- An Eco-Utility
 - Water Cycle
 - Temperature management
- Livelihoods



Agriculture : a Key Deforestation Driver

- Demand for food and manufactured goods rises with population and per capita income
- Supply of some primary products focuses on areas which are currently forested
- Deforested land has no financial premium at present
- Primary product provenance unclear
- Key forest risk commodities (FRCs): soy, palm oil, beef, leather, biofuel and timber and downstream products



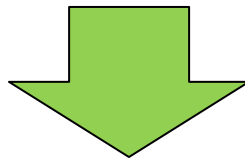
What is Forest Footprint Disclosure?

- Established in 2008 as part of the Global Canopy Programme, a registered charity
- Steering Committee includes WWF, Fauna and Flora International, FTSE company, Carbon Disclosure Project, Prince's Rainforest Project, Strategic Environmental Consulting , UNEP FI
- Funded by DFID and the Packard, Esmee Fairbairn and Waterloo foundations to date
- Now has own (small) staff to manage the FFD Project engaging with corporate world
- Endorsed by 26 Asset Managers responsible for ~ \$3 trillion



Aims of Forest Footprint Disclosure

- To highlight the involvement of a company's extended supply chain with FRCs and thus deforestation
- To review the state of these supply chains annually using original data
- To provide a platform for review of trends and opportunities to improve the process
- To provide valuation-relevant information to investors



**TO REDUCE THE UNSUSTAINABLE GLOBAL
FOREST FOOTPRINT**



FFD in Practice: Beef & Leather

- Initial Greenpeace Report 'Slaughtering the Amazon' published May 2009
- Some immediate corporate response:
 - Major retailers and footwear companies demanding certification
 - Financial support withdrawn for some identified offenders
- FFD co-hosted a local seminar in Sao Paulo in August to bring sector participants together
- Field Trip to Acre State included for those who wanted to see more intensive farming on site
- Local legal prosecutors and politicians attended



FFD in Practice : Beef & Leather (2)

- Via the questionnaire FFD is contacting x companies involved in these sectors directly:
 - Beef growers, meat traders, slaughterhouses, food retailers, Leather workers, Leather goods suppliers, Leather component users
- Analyse varied responses across sectors covered
- Develop research (in-house or third party) to provide context for responses
- Better practice recommendations
- Provide a forum in which sustainable supply chains can be discussed across commercial and regulatory participants



Why Should You Participate ?

- Large scale regulation is moving slowly: countries are acting faster on a local level
- Actions vary widely: legal process, confiscation, land use amendments
- Keeping up to date with better practice is getting harder
- Consumers want their brands to be ecologically sensitive
- Finance houses are increasingly withdrawing from unsustainable agricultural projects: credit withdrawal at key pinch points in the supply chain is a risk.
- Investors see a risk to valuations in all of the above



The Forest Footprint Disclosure Request

- Disclosure Request focuses on operational and supply chain use of high risk commodities
- Sent to an initial 218 companies
- Analysis of returns will give an assessment of both the status quo and highlights better practice
- FFD will also be conducting or commissioning relevant research to inform wider discussion on these issues
- Annual FFD Review – Year One in early 2010 to benchmark progress
- Delivery of useful investment information to our project endorsers



The Forest Footprint Disclosure Request (2)

- Request sent as an Excel –based questionnaire to aid internal exchange
- Companies selected from key sectors where forest risk commodities are used operationally or found in the supply chain
- Focus is on those where FFD asset managers hold stock
- Additional private companies added who are important to key commodity production or trade flows
- No costs of disclosure other than internal time



The Forest Footprint Disclosure Request (3)

- Focus of FFD request is on policy and management level information *not* quantified footprint data = lower barrier to entry in Year One
- Mirrors internal company processes in a well managed company
- FFD Request can be completed in 2 hours where the issues are understood
- Includes space for your company's view of issues
- Deadline for company returns in the first cycle was October 16th 2009
- 1st FFD Annual Review due in **Jan 2010**



Where to get more Information

- Both Disclosure Request and the FFD 2009 Guide to Disclosure documents are on our website www.forestdisclosure.com
- Call the FFD Team directly for any other issues on 01865 240090



FURTHER QUESTIONS?

Please write to:

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