



Progress on the New York Declaration on Forests Eliminating Deforestation from the Production of Agricultural Commodities

Executive Summary - Goal 2 Assessment Report

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Executive Summary

In September 2014, the New York Declaration on Forests (NYDF) outlined 10 goals that provide endorsers—including countries, subnational governments, companies, indigenous groups, and NGOs—with ambitious global targets to protect forests and end natural forest loss by 2030. In 2015, the first edition of the NYDF Progress Assessment proposed a framework and respective indicators for measuring progress toward all 10 goals and offered an initial assessment on the status of progress toward achieving them. The assessment is supported by a broad coalition of civil society and research organizations that annually publishes progress updates. In addition to summarizing new data and findings around the established indicators, the Progress Assessment also provides an in-depth analysis of a selected goal.

This year's focus report is dedicated to **Goal 2 on eliminating deforestation from agricultural commodity supply chains**. The NYDF Assessment Coalition has developed a new framework that allows a comprehensive evaluation of supply-chain efforts taken by private and public actors, drawing on existing work and data from all partner organizations and filling in data gaps through company interviews.

GOAL 2: Support and help meet the private-sector goal of eliminating deforestation from the production of agricultural commodities such as palm oil, soy, paper, and beef products by no later than 2020, recognizing that many companies have even more ambitious targets.

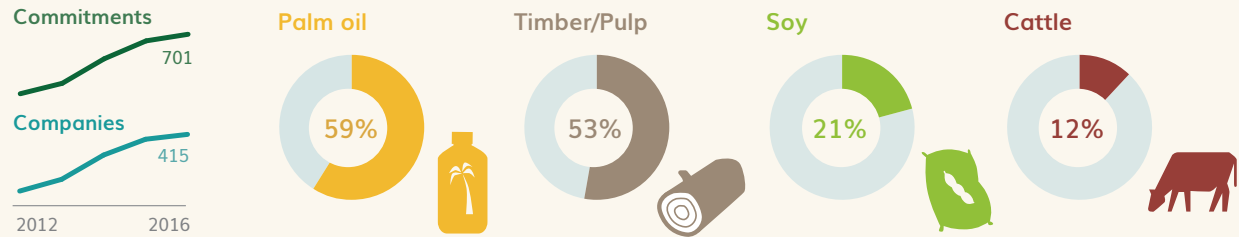
For the first time, this report aggregates, cross-references, and interprets data from a variety of disparate sources to provide a coherent picture of the “state of play” of efforts to ensure that agrodommodity supply chains are free of deforestation. The full picture of engagement from pledge to impact is slowly emerging, showing that the global supply-chain movement continues to gain momentum with a continued increase in pledges and progress on implementation. The overall impact on forests is, however, currently impossible to assess, as there are no comprehensive global data sets that link efforts to clean up agricultural commodity supply chains to an actual reduction in deforestation. Any analytical effort is also burdened by scattered data and multiple and overlapping definitions.

Cross-sectoral cooperation enables risks, responsibilities, resources, competencies, and benefits to be shared. The NYDF can provide a platform for the exchange of information and best practices, leading to a cooperative implementation of strategies for sustainable land use that address deforestation at the national level.

Private-Sector Progress Toward NYDF Goal 2 (based on Assessment Framework)

I. Commitments to deforestation-free commodities

Private-sector commitments are continually increasing, now up to 415 companies and 701 commitments. The majority address palm oil and wood products, while few address soy and cattle.



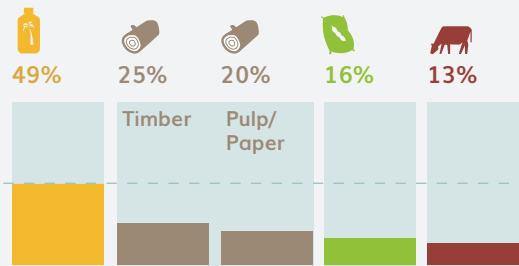
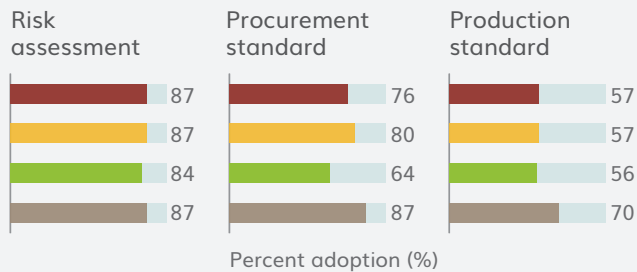
Supply-change.org, 2016

II. Implementation of private-sector forest commitments

i. Policies

Most companies have adopted policies or strategies to operationalize commitments.

Yet, less than half of the companies have time-bound actionable plans.



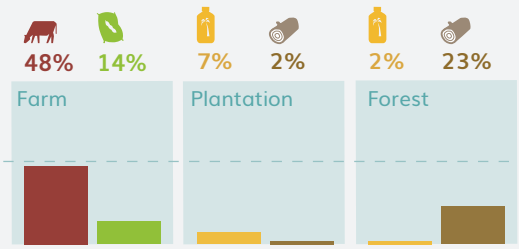
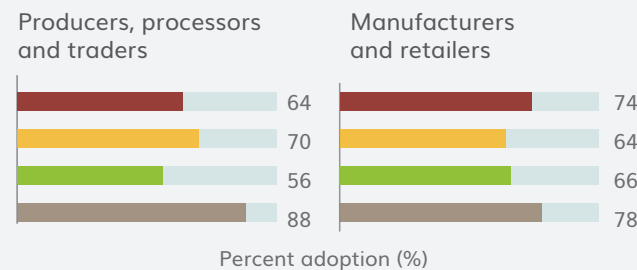
CDP, 2015

Forest500, 2016

ii. Monitoring

Approximately 70% of companies have traceability systems.

Yet, very few can trace back to the production level.

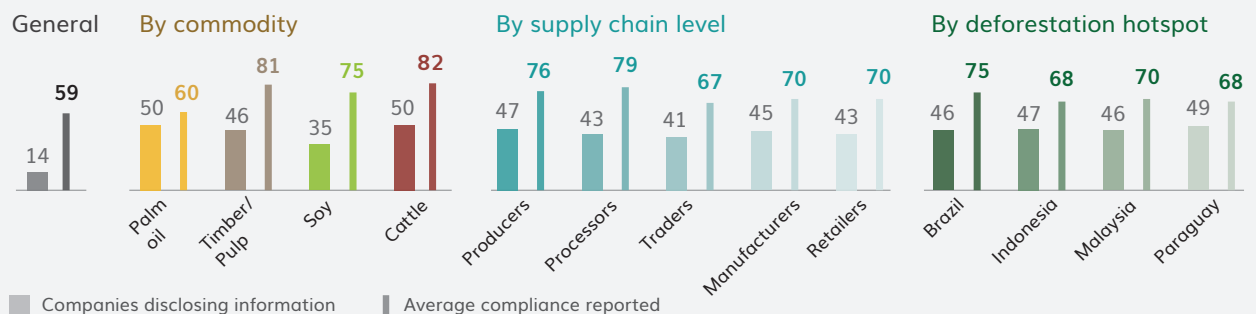


CDP, 2015

CDP, 2015

iii. Compliance

Only about 45% of companies disclose information on their compliance to deforestation policies. Of those that disclose information, progress on compliance is fairly high.



Supply-change.org, 2016

KEY MESSAGES: 2016 ASSESSMENT OF GOAL 2

Agriculture is the biggest driver of global forest loss, and significant deforestation can be linked to specific commodities and geographic regions. This report focuses on the assessment of progress related to the four key commodities driving agricultural deforestation: palm oil, soy, cattle, and wood products. Large shares of production and trade of these commodities can be traced to a handful of countries—Indonesia, Brazil, Malaysia, and Paraguay in particular—where the majority of tropical deforestation is concentrated. Targeted action in these countries is particularly important to reduce agro-commodity-driven deforestation.

CRITERION 1: Commitment to deforestation-free commodities

- **The number of corporate commitments to reduce the deforestation of agricultural commodity supply chains continues to grow.** Since last year's report, 108 companies have announced 212 new commitments, an increase of 43% over the previous year. *Supply-Change.org* reports that, in total, more than 400 companies have made more than 700 pledges to reduce their impacts on forests and the rights of forest communities.
- **The variety of deforestation-related commitments makes direct comparisons difficult.** Commitments range from signing on to high-level pledges, such as those formulated in the NYDF, to individual targets on the production or sourcing of specific commodities. Very few companies commit to zero (gross) deforestation across their operations; most choose a step-wise approach that sets priorities and deadlines for individual commodities.
- **The majority of the 629 companies assessed by *Supply-Change.org* that source or produce palm oil (59%) and wood products (53%) have made commodity-specific commitments.** For soy and cattle, the proportion of companies with commitments is considerably lower (21% and 12%, respectively). This is a matter of concern, considering that cattle have a deforestation footprint that is nine-times larger than the one associated with palm oil. The numbers correlate with the availability and use of certification as a tool to implement supply-chain pledges. Overall, more than 20% of global palm oil and 11% of timber is certified.
- **Most of the companies that have announced commitments are manufacturers and retailers, nearly 90% of which are headquartered in Europe, North America, or Australia.** Companies operating upstream in the supply chain (producers, processors, and traders) and those headquartered in Latin America, Africa, and Asia have been slower to act. This may be starting to change, however. More producer companies, particularly those involved in palm oil in Southeast Asia, are announcing their own pledges. These commitments are particularly important since large producers control a vast portion of the market share and have outsized impacts on land use and conversion. Meat processing companies headquartered in Brazil have also achieved progress in eliminating deforestation from their operations.
- **Over 90% of the assessed companies source or produce in deforestation hotspots (Brazil, Indonesia, Malaysia, and Paraguay).** Risk mitigation seems to be a major driver for companies to address deforestation in their supply chains.

CRITERION 2: Implementation of private-sector forest commitments

- **The growing number of commitments to reduce impacts on people and forests represents important progress, but more focus is needed on action.** Implementation requires translating announcements into practice, and an important first step is adopting commodity-specific, concrete policies and systems, like production standards, procurement rules, operational plans, and key performance metrics. Significant advancement has been reported on deforestation-related risk assessments, a dialogue with suppliers, and the revision of procurement rules. Once these policies are in place, monitoring progress and compliance is the next step for ensuring deforestation impacts are avoided. More work is needed on this step. Strategies on how a company can eliminate deforestation from its supply chains are difficult to compare, as they depend on the targeted commodity, geography, work with suppliers, and the position of a company in the supply chain.
- **There has been a significant effort to implement supply-chain commitments, yet less than half of the assessed companies have time-bound actionable plans (*Forest 500*), robust monitoring systems are still rare, and only 45% of companies are reporting on compliance to deforestation policies (*Supply-Change.org*).** Tracing commodities to the producer level remains challenging for many companies, and very few can report on the impact of their pledges on deforestation. In particular, soy and palm oil face barriers to traceability to the farm level (CDP). Encouraging new technological developments are expected to move the tracing of commodities further upstream to the level of production and will tie them to local forest impact.
- **The majority of companies opt to limit procurement to certified products rather than defining company product standards.** Supply-chain efforts are generally more advanced in commodities with widely recognized certification standards and integrated supply chains, which provide easy and accessible options toward sustainability. In line with our findings on commitments, progress toward increasing certified production and sourcing has been good for wood products and palm oil, but less so for soy and beef.
- **NYDF endorsers and TFA 2020 member companies are more advanced—across all supply chains—in terms of adopting commitments and translating them into actions.** Companies that are engaged in these initiatives show significant progress in adopting policies and systems to implement their commitments.
- **Companies producing or sourcing from deforestation hotspots are more advanced in operationalizing their commitments (approximately 10–20% higher) than those with less exposure to these regions.** This is encouraging, given their ability to directly and significantly affect deforestation.

CRITERION 3: Support by non-supply-chain actors

- **Meeting the targets of the NYDF, including Goal 2, will require collective action.** Unfortunately, limited improvements have been made to forest governance and public-sector support in recent years, though specific success stories may provide a model for future collaboration and partnerships.
- **Despite increasing civil society pressure, *Forest 500* reports that only one-third of 150 assessed financial institutions have deforestation-related commitments in place.** The United Nations Environment Programme finds only a small percentage of institutions that monitor compliance with such commitments, and even fewer that offer financial instruments to support the implementation of sustainability measures in supply chains.

- **Weak forest governance presents a major barrier to private-sector efforts.** Countries have taken measures to reduce deforestation, and REDD+ has increased the political will to improve forest governance. Companies have, however, experienced little concrete improvement in forest governance and limited public-sector support. Nevertheless, the companies highlighted specific incidents of improved collaboration and listed an increasing number of successful public-private initiatives.
- **A growing number of public-private initiatives support the elimination of deforestation at the supply chain or landscape level.** Large-scale public programs backed by private-sector announcements for preferential sourcing from such program areas provide a chance for “produce-and-protect” partnerships. Sectoral agreements and moratoria as piloted in the Brazilian Amazon have also had a major impact on deforestation.

CRITERION 4: Overall impact on deforestation

- **Finally, there are currently no available data that provide global coverage to determine whether cumulative company efforts are translating into measurable reductions in deforestation,** though two tools are being refined and developed (Global Forest Watch-Commodities and Trase) that may help provide answers within the next couple of years.

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