



WWF

REPORT

INT

2016



Slow Road to Sustainability

The sourcing of soft commodities by
Consumer Goods Forum members

Report on progress

Executive summary

See the full report at panda.org/cgfreport

WWF is one of the world's largest and most experienced independent conservation organizations, with over 5 million supporters and a global network active in more than 100 countries.

WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

Lead authors of this report:

Stephen Watson and Michael Mulet Solon – WWF

Wouter-Jan Schouten, Sharon Hesp, Alessandro Runci and Marije Willems – New Foresight

Thanks to the following for their input during the development of this report:

Margaret Arbuthnot, Kerry Cesareo, Lloyd Gamble, Tatjana Gerling, Keila Hand, Adam Harrison, Piers Hart, Richard Holland, Angel Llaveró, Jeff Malcolm, Ian McConnel, David McLaughlin, Sandra Mulder, Emmanuelle Neyroumande, Elizabeth Schueler, Rodney Taylor, Jean Francois Timmers, Edith Verhoestraete, Sandra Vijn, Linda Walker, Mona Wang and Justin Woolford

Published in June 2016 by WWF – World Wide Fund For Nature (Formerly World Wildlife Fund), Gland, Switzerland. Any reproduction in full or in part of this publication must be in accordance with the rules below, and mention the title and credit the above mentioned publishers as the copyright owner.

Recommended citation: WWF. 2016. *Slow Road to Sustainability*. Gland, Switzerland: WWF International.

DISCLAIMER: This is a publication of the World Wide Fund For Nature. This report and associated materials do not provide legal, accounting, investment, or risk management advice; and should not be relied upon by anyone for any of those purposes. Accordingly, WWF expressly disclaims any and all liability arising from use of this presentation or the information contained here.

Text and graphics: © 2016 WWF. All rights reserved.

Reproduction of this publication (except the photos) for educational or other non-commercial purposes is authorized subject to advance written notification to WWF and appropriate acknowledgement as stated above. Reproduction of this publication for resale or other commercial purposes is prohibited without WWF's prior written permission. Reproduction of the photos for any purpose is subject to WWF's prior written permission.

Editing and design: Jennifer Campbell and Mitchell Davies

wwf.panda.org

ISBN: 978-2-640529-39-1

On the cover

© RUTA PRODUCTION/SHUTTERSTOCK.COM © JÜRGEN FREUND/WWF © VIKTORY PANCHENKO/SHUTTERSTOCK.COM
© WILD WONDERS OF EUROPE/ZANKL/WWF © DECLAN DOHERTY © BRENT STIRTON/GETTY IMAGES
© MAZIDI ABD GHANI/WWF-MALAYSIA © ASIM HAFEEZ/WWF-UK © ALF RIBEIRO/SHUTTERSTOCK.COM
© KENNETH SPONSLER/SHUTTERSTOCK.COM © RUDOLF SVENSON/WWF © MARK APLET/SHUTTERSTOCK.COM

EXECUTIVE SUMMARY

Member companies of the Consumer Goods Forum should accelerate their commitments and actions if sustainability is to become the norm.

Introduction

In this report, WWF reviews the policies and performance of member companies of the Consumer Goods Forum (CGF) regarding the sustainability of their sourcing of key soft commodities – and finds much more needs to be done.

For sustainability to become the norm, the CGF member companies urgently need to map their supply chains, engage with their supply chains and industry sectors, commit publicly and unambiguously to credibly certified sourcing of their key commodities, and improve transparency by disclosing progress against their timebound sustainable sourcing plans.



THE CGF AND ITS MEMBER COMPANIES URGENTLY NEED TO COMMIT PUBLICLY AND UNAMBIGUOUSLY TO SOURCE KEY COMMODITIES WHICH HAVE BEEN CERTIFIED ACCORDING TO CREDIBLE STANDARDS

Soft commodities – derived from forestry, farming and fisheries – are vital for feeding, clothing, and helping to fuel the world. However, their inefficient and unsustainable production can significantly harm communities and key ecosystems. Common impacts include biodiversity loss, deforestation, environmental degradation, watershed disruption, climate change and social conflict.

Demand for soft commodities is booming, driven by the world's increasing population, growing purchasing power (especially in emerging economies), urbanization, changing dietary preferences and demand for biofuels, among other factors. We'll need to grow more food in the next 40 years than we have in the past 8,000 combined to feed the global population – in other words, 70 per cent more food by 2050, according to UN estimates.¹ To meet this demand – and avoid devastating levels of deforestation and forest degradation, overfishing, overexploitation of other natural resources, water scarcity and hazardous climate change² – we must find a more sustainable way to extract and produce soft commodities.

WWF has prioritized making 14 soft commodities more sustainable (see figure 1). They play key roles in meeting humanity's growing demands for food, fibre and fuel – but at the same time can have ruinous impacts on communities and are major drivers of biodiversity and vital ecosystem loss around the world. To achieve sustainability on Earth, it's critical that all stakeholders – including companies, governments, communities, non-governmental organizations (NGOs) and consumers – align in recognizing the impacts of commodity production and find ways to balance production with maintaining essential forests, land, water and ecosystem services.

1. FAO. 2009. 2050: A Third More Mouths to Feed. Food and Agriculture Organization of the United Nations. <http://www.fao.org/news/story/en/item/35571/icode/>. Last accessed 16 May 2016.

2. FAO. 2009. How to Feed the World in 2050. Rome: Food and Agriculture Organization of the United Nations. http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf. Last accessed 16 May 2016.

This comes with many challenges. These include a lack of awareness of the issues among some stakeholders; trade flows shifting toward markets that are less sensitive to sustainability; governments failing to prioritize sustainable production in policy-making – and even in some cases exerting pressure against sustainable production; and a scarcity of research quantifying the compelling business case.

Major producers and buyers of commodities have a vital role to play in shifting production to be more sustainable, together with other stakeholders.

Figure 1



About this report

In this report, WWF has reviewed the policies and performance to date of member companies of the CGF to gain an overview of major brand manufacturers and retailers' status when it comes to the sustainability of their sourcing of priority commodities. The CGF is an influential business platform with more than 400 member companies from 70 countries, including 256 brand manufacturers and retailers with annual revenues in excess of US\$3.5 trillion. Collectively, they represent a meaningful sample ideal for in-depth analysis because of their number, size and diversity.

The CGF's efforts on soft commodities

The CGF's work focuses on four pillars, one of which is Environmental and Social Sustainability. For this pillar, the priorities are for companies to act together to position the industry as a leader in sustainability, including protecting against climate change, reducing food waste, improving food safety and promoting compliance with good working and environmental practices.

Regarding soft commodities, the CGF has up until now prioritized working on those associated with deforestation, especially palm oil, soy and pulp and paper. These commodities collectively are material for the largest number of CGF members.

The CGF member companies could have a significant impact on the transformation to more sustainable global supply chains of soft commodities due to their leverage. WWF estimates that CGF member companies purchase on average 17 per cent of the global production of the priority soft commodities, ranging from 7 per cent of global pulp production to 35 per cent of global dairy production (see figure 2). Many of the CGF member companies are also considered leaders in their industry and have the ability to influence their peers.

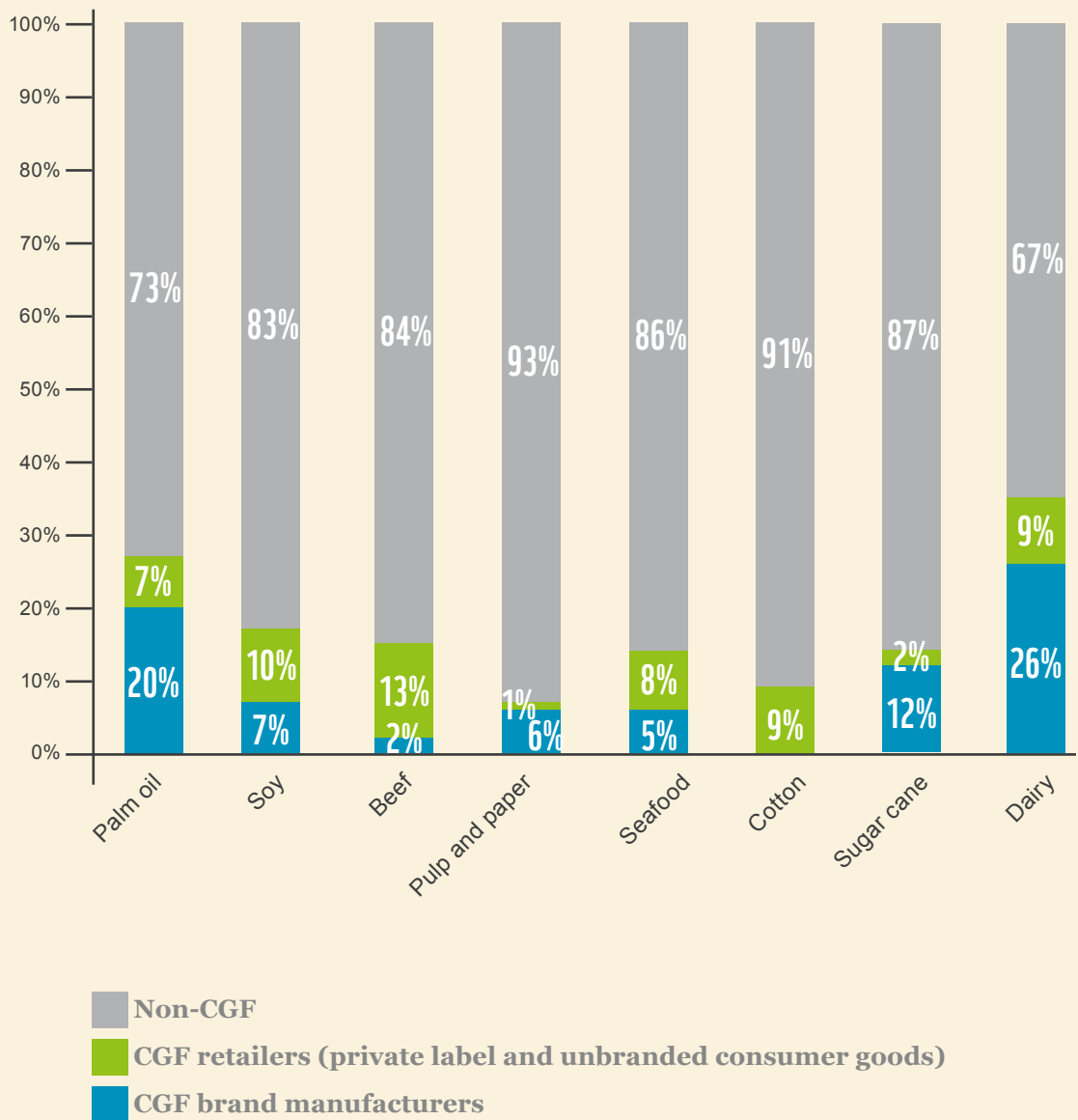


© RICHARD STONEHOUSE/WWF

We all depend on soft commodities for food, fibre and fuel.

Figure 2

Estimated percentage of global production of priority commodities purchased by CGF member companies



CGF member companies should do more

The CGF Board has been addressing the sustainability of the soft commodities associated with deforestation for several years. For example, in 2010 the Board passed a resolution pledging to mobilize resources within their members' businesses to help achieve zero net deforestation by 2020.

There is a widespread perception that most CGF companies have already taken steps to source commodities sustainably. This is partly a result of the high profile zero



**THE MAJORITY
OF CGF MEMBERS
HAVEN'T YET
COMMITTED TO
SUSTAINABLE
SOURCING IN
THEIR SUPPLY CHAIN
NOR TAKEN ANY
RELATED ACTIONS**

deforestation resolution, and partly to do with highly publicized individual actions of several leading CGF member companies. Indeed, some CGF member companies – notably those that are members of the CGF Sustainability Committee – have demonstrated strong leadership, endorsing the resolution of the CGF Board and making individual commitments and action plans, for example to take deforestation out of their supply chains, to contribute to responsible water stewardship or to source 100 per cent sustainable seafood. Some of these actions are highlighted as best practices later in the report.

However, comprehensive analysis undertaken between 1 March and 15 April 2016 of the most recent annual reports, sustainability reports and websites of the 256 brand manufacturer and retailer members of the CGF highlights that **progress so far is too slow and the majority of CGF members haven't yet committed to sustainable sourcing in their supply chain nor taken any related actions.**

Disappointingly, WWF's analysis found that:

- **Only 42 per cent of CGF brand manufacturer and retailer members publish a sustainability report or include this information in their annual report. A further 28 per cent do not include information about their sustainability practices in a formal report, but do communicate it on their website (where the information is rarely independently verified).**
- **Just 46 per cent report specifically on their soft commodity sourcing policy or strategy.**
- **Only 36 per cent of the CGF member brand manufacturers and retailers have made their own “deforestation-free” commitments. Just 20 per cent have quantified and timebound actions plans for achieving these deforestation-free commitments.**
- **A weighted average of just 22 per cent of relevant companies endorse credible certification standards recommended by WWF for the commodities which are material for their businesses. By commodity, this figure varies from 3 per cent to 71 per cent.**
- **A weighted average of just 14 per cent of relevant companies have made quantified and timebound commitments to source according to the credible standards recommended by WWF. By commodity this varies from 0 per cent to 28 per cent.**
- **Just 22 frontrunner companies (9 per cent of those analysed) have made quantified and timebound commitments to source all or the majority of the commodities that are material for their business according to credible certification standards recommended by WWF. They are detailed in figure 3.**

Figure 3

The 22 frontrunner companies

22
256

JUST 22 OUT OF 256 COMPANIES HAVE MADE QUANTIFIED AND TIMEBOUND COMMITMENTS FOR ALL OR THE MAJORITY OF THE COMMODITIES THAT ARE MATERIAL FOR THEIR BUSINESSES

Grupo Bimbo	General Mills	Marks & Spencer	SCA
The Coca-Cola Company	Johnson & Johnson	Migros-Genossenschafts-Bund	Sofidel
Colgate Palmolive	S.C. Johnson	Nike Stores	Unilever
COOP (Switzerland)	Kao Corporation	PepsiCo	Waitrose
Danone	Kimberly-Clark	Procter & Gamble	
Ferrero	L'Oréal	Royal Ahold	

- However, the sourcing policies of some of these companies are imprecise, for example they include commitments to a range of standards with varying degrees of credibility for some commodities. Thus they may lack the degree of transparency that stakeholders require.
- Of the 22 frontrunner companies, 12 are members of the CGF Sustainability Committee.
- Out of this group, only 14 companies report that their progress is on track versus earlier commitments.
- The percentage of the total estimated volume CGF companies have purchased that is currently certified, and the volume committed by 2020, is summarized in figure 4 below. 2020 volume certification commitments range from an average of less than 4 per cent for soy to 53 per cent for palm oil.

Major producers and buyers of commodities have a vital role to play in shifting commodity production to be more sustainable, together with other stakeholders.

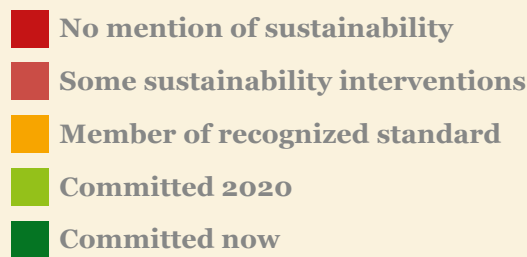
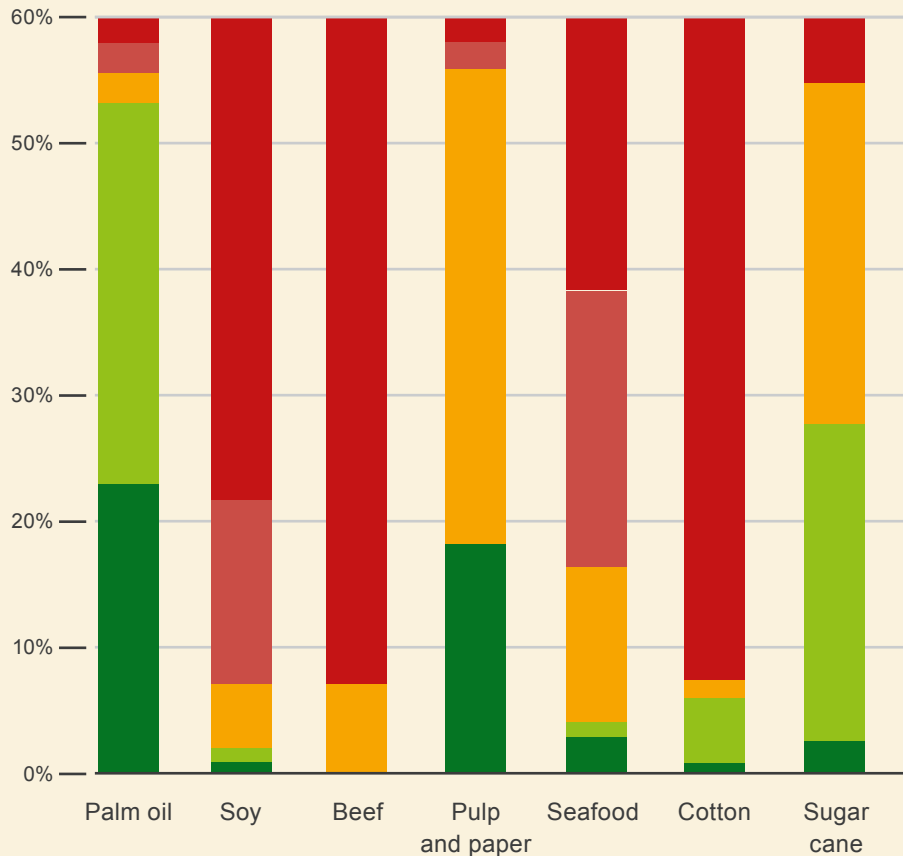


© EDWARD PARKER/WVF

Figure 4

CGF members' commodity commitments as a percentage of total volumes purchased


**ONLY A HANDFUL
 OF CGF MEMBER
 COMPANIES
 COMMUNICATE
 THEIR INVOLVEMENT
 IN ACTIVITIES
 WHICH ARE
 COMPLEMENTARY
 TO CERTIFICATION**



- Only a handful of CGF member companies communicate their involvement in activities which are complementary to certification, such as:
 - Mapping their supply chains to gain transparency of part or all of their suppliers;
 - Engaging their supply chains, for example by supporting smallholders to improve production practices;

- Mobilizing their industry sectors to address systemic issues in production, for example child labour and gender equality, via platforms or support programmes;
- Advocating for higher production standards and working with governments in the jurisdictions where they source commodities to influence policies that incentivize the production of sustainable commodities and eliminate undesirable practices. Jurisdictional approaches are gaining traction and have the potential to address underlying issues of governance, legality and livelihoods at larger spatial scales, but do require direct engagement from leading companies.

Recommendations for CGF Board and member companies

As a group, CGF member companies have the power to contribute to and encourage significant steps forward in the sourcing of sustainable commodities. WWF calls on the organization to take action now.

WWF recommends the CGF Board to urgently:

- Pass a resolution to encourage its member companies to publish annual sustainability information covering all material inputs and impacts, using the Global Reporting Initiative (GRI) standards as guidance.
- Strive to broaden company participation in the activities of its Sustainability Pillar, which are at the moment driven by relatively few leading CGF companies, particularly members of the Sustainability Committee.



WWF recommends all brand manufacturers and retailers, including those which are members of the CGF, to urgently:

- Map their supply chains to understand the sources of their inputs, ultimately tracing back to point of origin. Knowing the source of soft commodities is fundamental to driving subsequent strategies and actions.
- Commit publicly to source by 2020 at the latest only credibly certified commodities for 100 per cent of their volume requirements, prioritizing those commodities which are material for their businesses. For some commodities, supply in the right volumes may not be available at present in all geographies. In these situations, companies should highlight the challenges and collaborate with other stakeholders so that supply issues are resolved as soon as possible. Companies' commitments and action plans should be specific in order to be transparent and not leave the door open to less credible options by the use of vague language.
- Publish quantified, timebound action plans detailing how they will achieve the actions they have committed to.

AS A GROUP, CGF MEMBER COMPANIES HAVE THE POWER TO CONTRIBUTE TO SIGNIFICANT STEPS FORWARD IN THE SOURCING OF SUSTAINABLE COMMODITIES

- Report to all stakeholders at least annually on performance against the plans, verified externally.
- Engage with their supply chains and industry sectors in a collaborative and pre-competitive way to drive change faster and on a bigger scale. Companies that have not yet joined industry platforms such as the CGF are urged to do so to amplify their impact.
- Engage with policy-makers in cross-commodity policy initiatives to advocate for the elimination of unsustainable practices and explore partnerships to advance land use planning and sustainable production at landscape and jurisdictional scales.

See the full report at panda.org/cgfreport



Palm oil is one of the 14 soft commodities WWF is prioritizing making more sustainable.

© MREZA/SHUTTERSTOCK.COM

THE IMPORTANCE OF SUSTAINABILITY

BIOCAPACITY

It takes 1.5 years for the Earth to regenerate the renewable resources that people use, and absorb the CO₂ waste they produce in that same year.

BIODIVERSITY

Biodiversity, ecosystems and ecosystem services – our natural capital – must be preserved as the foundation of well-being for all.



BETTER CHOICES

Living within ecological boundaries requires a global consumption and production pattern in balance with the Earth's biocapacity.

EQUITABLE SHARING

Equitable resource governance is essential to shrink and share our resource use.

	<p>Why we are here To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.</p> <p>panda.org</p>
--	--