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## News Release

# Soybean overlooked? The investor case for deforestation-free soy

21 October 2015

CDP in conjunction with Schroders is today releasing a white paper that explores the issue of deforestation and soy. Whilst CDP and Schroders have been encouraged that increasing numbers of companies are working towards reducing deforestation linked to palm oil in South-East Asia, this report highlights that deforestation risk associated to soy has been overlooked by most companies.

Currently, 37% of companies that respond to the CDP's forests program do not report on soy despite stating that they use or produce soy. Furthermore, only 30% of companies that do report on soy to CDP's forests program recognise regulatory risks which have the potential to have a substantial business impact. Thus, as this is an overlooked issue, there is an opportunity for active investors to engage with companies and strengthen transparency around this topic.

With little visibility for investors on these risks to-date, material considerations are potentially unlikely to have been factored into company valuations. The paper looks at potential examples of regulatory change that may impact on soy, including:

- Enforcement of the new Brazilian Forest Code;
- EU action on deforestation extended to soy; and
- International climate efforts resulting in stricter local land use policy.

### **Katie McCoy, Head of CDP's forests program commented:**

*"We welcome the opportunity to work collaboratively to produce a white paper exploring the issue of deforestation and soy. Components of soybeans are used extensively for animal feed due to its high protein content, as well as in food, household and personal products. Yet our data shows that across*



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*the board deforestation risks associated with soy are being overlooked by companies, although the risks are similar to those presented by palm oil.”*

**Elly Irving, ESG Analyst at Schroders, commented:**

*“The future impact of climate change, under current pathways, has the potential to suppress economic growth and to depress the valuations of companies. Deforestation contributes to climate change and arguably makes this an important issue for active long-term investors. Companies will be affected by physical and regulatory risks as well as by changes in the macro-economy affecting demand and supply fundamentals. Integrating a wide range of environmental, social and governance risks and opportunities allows us to make better investment decisions. We welcome this report from CDP to help investors better understand this emerging risk.”*

To view the full white paper, please [click here](#).

**For further information, please contact:**

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**About CDP**

CDP, formerly Carbon Disclosure Project, is an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. CDP works with market forces, including 822 institutional investors with assets of US\$95 trillion, to motivate companies to disclose their impacts on the environment and natural resources and take action to reduce them. More than 5,500 companies disclosed environmental information through CDP in 2015. CDP now holds the largest collection globally of primary climate change, water and forest risk commodities information and puts these insights at the heart of strategic business, investment and policy decisions. Please visit [www.cdp.net](http://www.cdp.net) or follow us @CDP to find out more.