



# **Corporate Progress on Deforestation Risk**

Analysis for Investors

November 2025





## Intro

Many major global companies have committed to eliminate deforestation and natural ecosystem conversion from their agricultural commodity supply chains by 2025, in line with regulations and voluntary frameworks. As the milestone year 2025 draws to a close, the questions are, **where do company efforts stand**, and **where should investors focus their work with companies to address the risks from deforestation?**

Assessing and acting on deforestation risk is a key priority for investor engagement with portfolio companies on climate and nature.

Agriculturally-driven deforestation and natural ecosystem conversion have an outsized impact on nature loss, climate change, and the resilience of the global economy.

Companies that act to end deforestation and conversion position themselves—and their investors—to avoid serious, material financial risks, strengthen supply chain reliability, and ensure long-term value creation. This is especially true for companies that produce, source, or use commodities that drive deforestation, such as beef, palm oil, soy, cocoa, and timber, pulp, and paper.

Now

**11%** GHG emissions  
up to **11%**  
global biodiversity losses

Impact of land use change, primarily from deforestation and natural ecosystem conversion

Annually

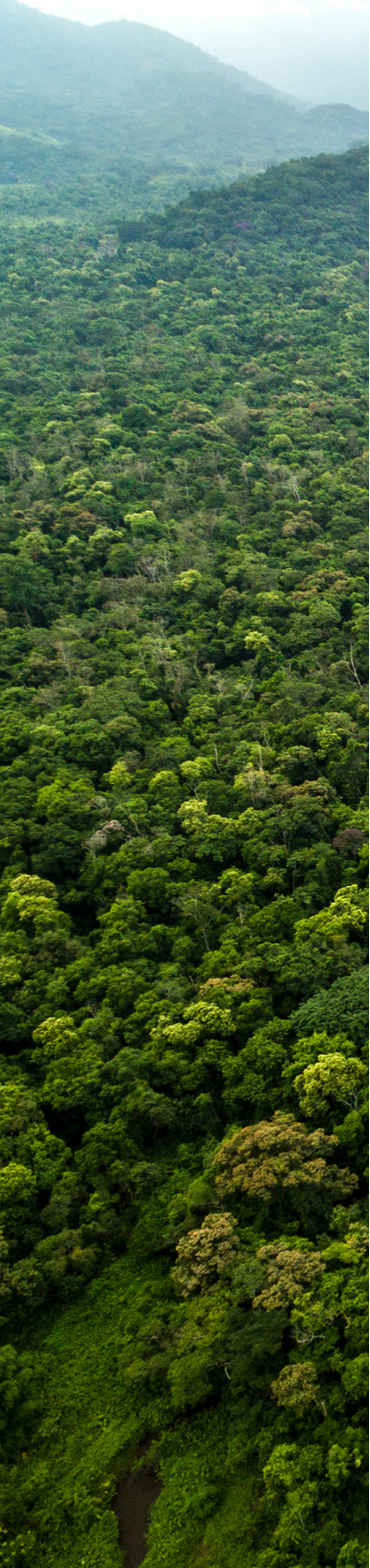
**\$56** billion

Economic losses caused by changing land and sea use

2030

**\$150** billion

Losses to investors from the impact of unchecked deforestation on the value of the world's largest food and ag companies



**This report reviewed company performance using a focused set of progress metrics.** Our analysis shows that it is possible—though not yet common—for major companies to achieve fully deforestation- and conversion-free supply chains. While leading companies are managing their risk, others are still susceptible to significant legal, market, operational, and reputational risk.

### Key Findings

- **Cleaning up supply chains is possible:** Five out of 53 companies disclose at least one commodity supply chain that is 100% deforestation- and conversion-free.
- **Leading companies report considerable progress:** Major food product manufacturers like Danone SA and Nestlé SA disclose over 95% deforestation- and conversion-free for their palm oil, soy, and timber, paper, and pulp commodity supply chains. Nestlé also discloses a 100% deforestation- and conversion-free cattle supply chain and shows good faith efforts to further improve its cocoa supply chain (currently 46% deforestation- and conversion-free) through expanded traceability and monitoring.
- **More action across at-risk commodities is needed:** Companies are most likely to disclose progress on their palm oil supply chains, but far fewer are sharing the extent to which they are managing cocoa-related risk. Transparency across all commodities, especially in early stages, is important for risk management.
- **Collaboration beyond individual supply chains offers huge opportunity:** Nearly half of companies disclose that they are involved in landscape or jurisdictional initiatives, which are critical for addressing the systemic challenges at the root of ongoing deforestation and conversion.

Since 2010, Ceres has been promoting investor understanding of deforestation-related financial risks and supporting them in successfully voicing these risks to corporate boards and at shareholder meetings. We have worked with nearly 100 financial institutions and directly supported investor-led engagements to encourage dozens of North American and global food companies to address their deforestation risks.

This analysis evaluates corporate disclosures on deforestation- and conversion-free sourcing by examining three key areas that are of particular interest to investors:

- **Tracing and monitoring** products for deforestation and conversion in a manner that credibly supports deforestation- and conversion-free claims.
- **Managing and addressing non-compliance** quickly and effectively when it is identified.
- **Preventing and eliminating** incidences of deforestation and conversion in sourcing landscapes.

Global consensus is that soft commodity supply chains should be deforestation- and conversion-free by 2025, in line with the requirements of leading global frameworks, including the Accountability Framework initiative (AFi), the Science-Based Targets Initiative (SBTi), UN High Level Expert Group on Net-Zero, and the Science Based Targets Network (SBTN)—as well as the EU Deforestation Regulation (EUDR). Companies that are not on track to meet the 2025 deadline should be expeditiously working towards this original target, setting interim milestones for accountability, and regularly disclosing progress.





## Assessment approach

This report assessed 53 of the world's largest food and agriculture companies, selected based on their influence over production in key sectors and regions, market capitalization, and exposure to commodities that drive deforestation.

Assessments are based on a set of eight metrics. These metrics correspond to those found in other assessment and disclosure frameworks such as [CDP](#), [Deforestation-free Transition \(DEFT\) Pathway](#), [Forest500](#), and [ForestIQ](#), but distill deforestation- and conversion-free performance data down to the most important elements to help investors focus on what matters most.

Based on these eight metrics, our analysis breaks down company disclosures on deforestation- and conversion-free sourcing into three key progress areas of interest to investors:

### 1/ How companies are tracing and monitoring their supply chains for deforestation and conversion.

To ensure their claims are credible and reduce legal and reputational risks, companies must be able to [trace the commodities](#) they source to an area, producer, or intermediate supplier that has been [monitored and verified](#) to be deforestation- and conversion-free. Full supply chain traceability for all companies will be necessary for compliance with the [EU Regulation on Deforestation-free Products](#). Companies must include location data, in the form of geographic coordinates, in due diligence statements.

### 2/ How companies are managing supplier non-compliance when issues arise.

To manage non-compliance, companies should establish

public [grievance mechanisms](#) that help detect violations. Grievance mechanisms provide a formal platform that individuals, workers, communities, and other stakeholders can use to report business activities contributing to deforestation, conversion, and related human rights violations. It is important that these systems can be used to report on environmental and social issues. Once non-compliance is identified, as a reported grievance or otherwise, it is vital that companies respond and demonstrate that they hold suppliers accountable. To efficiently resolve issues and prevent reputational and litigation risk, companies should have [non-compliance protocols](#) for bringing suppliers back into compliance within a year and terminating relationships when a resolution is not possible.

### 3/ How companies are investing in their supply base to prevent deforestation and conversion.

To prevent and eliminate the risk of future incidences of supply chain deforestation and conversion, companies should offer support to their suppliers, contribute to [landscape or jurisdictional initiatives](#), and implement due diligence to protect human rights, including the rights of Indigenous Peoples and local communities.

Without financial, educational, or technical support, suppliers, especially smallholders, may struggle to meet deforestation- and conversion-free requirements due to gaps in knowledge, skills, financial capital, land tenure, and human resources. They may view land conversion as the only path to turning a profit and maintaining their livelihood.

Support for suppliers, including providing training, offering technical assistance for land titling, distributing financing linked to improved performance, sharing costs tied to inputs, certification, or legal compliance, facilitating



market access, and establishing longer term contracts, can help them unlock other options.

Landscape and jurisdictional approaches can complement a company's supply chain actions by addressing the root causes of deforestation at a larger scale. By working together, companies, governments, and communities can create policies and incentives that reinforce deforestation- and conversion-free production and reduce the risk of "leakage" where deforestation could shift to another area.

Forests managed by Indigenous Peoples and local communities **show lower deforestation rates** than similar lands managed by other groups. Moreover, violations to the rights of Indigenous Peoples and local communities, particularly those pertaining to land and natural resources, are closely linked to deforestation and agricultural and forestry commodity production. Expanding agricultural operations often seize traditional lands through violence, coercion, and other methods. In addition to the set of universal human rights, Indigenous Peoples and local communities hold certain rights that include, among others, the right to land, culture, self-determination, self-governance, a healthy environment, and non-discrimination, and full and effective participation in the decisions that impact them.

By setting clear, comprehensive human rights policies and establishing due diligence processes to verify compliance, companies can minimize reputational and litigation risks and enhance their social license to operate in the long term.

### **What it means to fulfill a deforestation- and conversion-free supply chain commitment.**

Full implementation is a continual, ongoing process of ensuring that all or nearly all of the material in a company's supply chain complies with no-deforestation, no-conversion, and respect for human rights. This requires that the company have effective systems in place to not only identify, address, and remedy impacts as they arise, but also to proactively prevent impacts associated with future production or sourcing.

Importantly, "nearly all" does not provide leeway for companies to continue with business-as-usual practices or carve out exceptions for portions of their supply chain where addressing environmental and social risk is more complex or costly. In all cases, companies should be transparent in disclosing their implementation gaps, explanations for them, and actions being adopted to address them. "Nearly all" considers that it might not be realistic in some business contexts to maintain 100% product volume compliance at all times, or it might come with tradeoffs between different responsible supply chain goals. For example, to avoid further social harms, a palm oil processing mill may choose to retain a smallholder that has cleared forests after an official **cutoff** date. The Accountability Framework initiative's Operational Guidance document on Commitments and Progress Pathways covers different categories of minimal non-compliant volumes relative to respective supply chain actors in detail.





## Analysis of key progress indicators

### COMPANY ASSESSMENTS

#### 1/ Tracing and monitoring supply chains

In general, companies show the most progress on traceability and monitoring for palm oil supply chains, largely because of the availability of certified palm oil. However, overall progress is still lacking, with 27% of palm oil volumes traceable to the origin. Similarly, only a third of companies disclose evidence of robust palm oil supply chain monitoring and verification processes.

Traceability and monitoring and verification approaches often differ based on a company's supply chain position (upstream versus downstream), knowledge of its supply base, and supply chain management approach. For instance, upstream companies that own, control, or manage commodity production are more likely to report that they have internal systems that can trace commodities from their direct and indirect suppliers to the farm, estate, plantation, ranch, or forest management unit where they were produced. This is evident in the disclosures made by soy traders, for example.

In comparison, downstream buyers, such as manufacturers and retailers, are more likely to rely on [certification](#) to trace the commodities in their supply chains—and

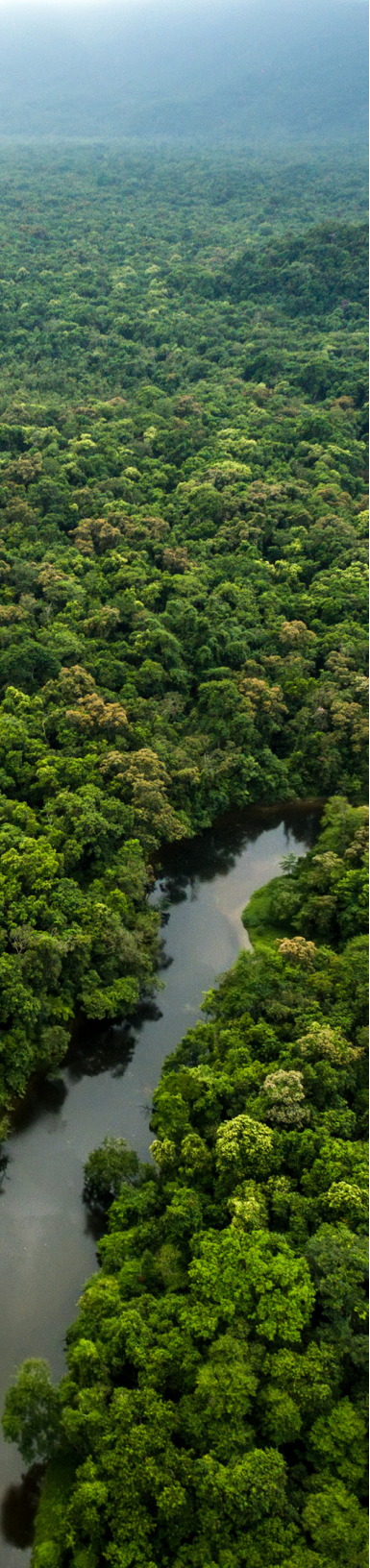
to monitor and verify that they are deforestation- and conversion-free. This is especially true for palm oil and timber, pulp, and paper volumes, which companies commonly source as Roundtable on Sustainable Palm Oil and Forest Stewardship Council certified, respectively. Some companies also disclose sourcing Proterra or Round Table for Responsible Soy certified soy and Rainforest Alliance certified cocoa.

Given that the quality, reliability, and rigor of certification systems vary widely, certification-based deforestation- and conversion-free claims should be treated with scrutiny. When claims are based on certification alone, rather than in combination with other supplemental control measures, segregated or identity-preserved chain-of-custody models are necessary. Many companies use less robust mass balance or credit-based certification models that cannot support a deforestation- and conversion-free claim.

A number of upstream and downstream companies disclose using remotely sensed information from satellite imagery to monitor and verify the deforestation- and conversion-free status of their supply chains. They are putting a wide [range of such tools and platforms](#) to use.

**Unilever PLC** uses a combination of approaches, including chain-of-custody certification, value chain mapping, block chain technology, and supplier engagement and communication, [to trace 98.7% of the palm oil](#) it sources to the production unit. At the same time, the company uses satellite imagery and geolocation data [to monitor its palm oil supply chains](#) for deforestation, keeping tabs on more than 24 million hectares of oil palm concessions, 2,000 mills, and 36,000 smallholders in its bespoke No Deforestation, No Peat Conversion, No Exploitation dashboard.





## 2/ Managing and addressing non-compliance

Most companies disclose foundational elements of managing and addressing non-compliance, but their systems need further development. For example, although the vast majority of companies disclose grievance mechanisms, only about a third disclose grievance mechanisms that support reporting on environmental harms, including deforestation, in addition to human rights violations. And while more than half of companies disclose a non-compliance policy, very few disclose time-bound action plans for suppliers to regain compliance and resume supply.

**Bunge Global SA** discloses that grievance allegations, including those pertaining to deforestation incidents, ethics violations, and instances of human rights abuses or exploitation, can be confidentially submitted through its Global Ethics and Compliance Helpline. If a supplier is found (or alleged) to be in violation of its [Palm Oil Sourcing Policy](#), Bunge follows a [grievance flow process](#) to manage the issue. This includes preparing a time-bound action plan with clear milestones for resolution. Suppliers are expected to bring their operations back into compliance within 12 months.

## 3/ Preventing and eliminating risk

Over a third of companies disclose ample support for suppliers to reduce deforestation and conversion. Another nine companies disclose incomplete details about their supplier support efforts. More information is needed on how corporate financing is distributed within a given supplier support program, what steps companies are taking to scale up pilot projects, what kind of direct supplier support companies provide through the taskforces or councils they are members of, and how outcomes and

impacts of supplier support initiatives are monitored and evaluated.

Nearly half of companies disclose that they are involved in landscape or jurisdictional initiatives, which are critical for addressing the systemic challenges at the root of ongoing deforestation and conversion. However, most companies are falling short on this metric because very few disclose the inclusion of Indigenous Peoples or local communities in their efforts. Their inclusion is [critical to the success](#) of initiatives centered on achieving positive outcomes for people, nature, and climate. Full, effective inclusion means that the rights of Indigenous Peoples and local communities are safeguarded and rightsholders are actively engaged in initiative planning, implementation, monitoring, and benefit sharing.

No companies disclose a sufficiently scoped human rights policy along with a robust due diligence process for monitoring and verifying compliance—though several come close. Companies tend to lack comprehensive protections for rights specific to Indigenous Peoples and local communities, including their right to lands, territories, and resources, self-determination and self-governance, an adequate standard of living, including livelihoods and security, culture, and equality and non-discrimination. The majority of companies disclose policies that include protections for only some of these rights.

**The Hershey Company** discloses [support programs for its palm oil and cocoa suppliers](#). The company's Cocoa For Good strategy, backed by a \$500 million investment in cocoa communities by 2030, aims to improve farmer livelihoods, support children's well-being, prevent deforestation, and protect biodiversity. The program has helped more than 100,000 farmers map their properties, obtain land titles, and implement more sustainable cultivation





practices. The company also engages in [multi-stakeholder collaborations](#), including with Indigenous Peoples and local communities, to eliminate deforestation across sourcing landscapes. For example, it invests in a conservation project in Aceh, [Indonesia](#). The project brings together governments, NGOs, companies, and local communities to encourage palm oil suppliers to protect forests, strengthen land tenure, and improve land management practices

**Danone SA's Sustainable Sourcing Policy** is drafted in accordance with internationally recognized standards, including the International Bill of Human Rights—which includes the Universal Declaration of Human Rights—and the United Nations Declaration on the Rights of Indigenous Peoples. Danone requires that suppliers adhere to the principles of free, prior, and informed consent (FPIC), and has established a policy of non-retaliation against environmental human rights defenders. Many of the same expectations are enshrined into the company's [Renewed Forest Policy](#). The company also discloses its due diligence process for identifying, assessing, mitigating, tracking, and communicating progress on social, environmental, and ethical issues. However, Danone does not disclose adherence to the ILO Indigenous and Tribal Peoples Convention, 1989 (No. 169), which establishes that the rights vested in Indigenous Peoples apply equally to tribal peoples.

## The road ahead

Few companies disclose achieving supply chains that are free of deforestation and conversion. But those few show that deforestation- and conversion-free supply chains are attainable. And a number of companies are disclosing systems to address deforestation and conversion risk, which suggests hopeful trajectories.

Company disclosures suggest that risk mitigation is taking shape through advanced traceability and monitoring systems, robust certification standards, detailed non-compliance processes, investments in supplier support and incentives, and contributions to landscape or jurisdictional initiatives.

The latter is particularly ripe with opportunity. To meet [various international climate](#), biodiversity and land restoration goals, [global spending on forest conservation and restoration](#) must triple to \$300 billion by 2030. Landscape and jurisdictional approaches can bring in critically needed funding while driving impact at scale. By working together on landscape and jurisdictional approaches, companies, governments, and civil society can create change, mitigate risk, and build resilience to a degree that is unattainable through individual corporate actions. This makes these on-the-ground collaborative programs key to addressing systemic drivers of deforestation and conversion, avoiding leakage, and delivering positive long-term results.

At the same time, landscape and jurisdictional initiatives play a key role in curbing nature- and climate-related risk. By creating systems that proactively prevent deforestation and conversion, the approaches ensure that production avoids harm to nature and prevents emissions, which are priority actions across nature and climate mitigation hierarchies.

As companies continue to set and implement targets for reducing deforestation and, conversion, protecting and preserving nature, and addressing climate risks, investor engagement can help focus and advance action where it is needed most to tackle risks and improve long-term prosperity. And Ceres is ready to help, with decades of expertise and know-how on such engagements and extensive data on company performance.





## About Ceres

Ceres is a nonprofit advocacy organization working to accelerate the transition to a cleaner, more just, and sustainable world. United under a shared vision, our powerful networks of investors and companies are proving sustainability is the bottom line—changing markets and sectors from the inside out. For more information, visit [ceres.org](https://ceres.org).

## Acknowledgments

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