SELLING THE WORLD’S FORESTS:
U.S. RETAILERS MUST ADVANCE URGENT FOREST PROTECTIONS
TO SAFEGUARD THE PLANET AND THEIR BOTTOM LINE

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About NRDC

NRDC (Natural Resources Defense Council) is an international nonprofit environmental organization with more than 3 million members and online activists. Established in 1970, NRDC uses science, policy, law, and people power to confront the climate crisis, protect public health, and safeguard nature. NRDC has offices in New York City, Washington, D.C., Los Angeles, San Francisco, Chicago, Bozeman, MT, Beijing and Delhi (an office of NRDC India Pvt. Ltd). Visit us at www.nrdc.org and follow us on Twitter @NRDC.

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INTRODUCTION

U.S. supermarkets and other retailers play a powerful role as both facilitators of and gatekeepers to market access for countless brands, including many products that are responsible for large-scale harms to the world’s forests and to the rights of communities that depend on them. Most major U.S. retailers’ policies fail to adequately curb their sourcing and selling of these products, implicating these companies as drivers of the global climate and biodiversity crises. Increasingly, this failure risks the future of retailers’ bottom line, as consumers, investors, and policymakers alike pressure retailers to commit to providing forest- and climate-friendly products that align with the protection of human rights.

Forests worldwide, from the Canadian boreal to the Indonesian tropical, are essential to attaining climate stability, preserving biodiversity, and safeguarding the way of life for countless forest-dwelling communities and Indigenous Nations. There are 1.6 billion people globally whose livelihoods depend on healthy forests, and these ecosystems are home to 80 percent of the world’s terrestrial biodiversity.¹ Forests are also an important carbon storehouse whose protection and restoration are critical for addressing the climate crisis.²
Despite this, global forests are threatened by rampant deforestation and forest degradation. About 250 million acres of net forest area have been lost over the last two decades—an area equivalent to the combined size of Texas and New Mexico—and the total global area of degradation is likely even larger. Moreover, deforestation and forest degradation account for around 11 percent of global greenhouse gas emissions. The majority of these negative impacts can be tied to the production of just a handful of global commodities: wood and paper products, beef, soy, cocoa, coffee, rubber, and palm oil. A large portion of these “forest-risk commodities” are not sold in local markets but rather exported to high-income areas such as the United States and Europe.

The United States is the largest goods importer in the world, which is in no small part why the country is a leading driver of forest loss globally. The U.S. retailers that are sourcing and selling a variety of forest-risk commodities are at the center of this harmful system. In recent years, several major U.S. retailers have faced scrutiny for placing consumer goods manufactured with harmful forest-risk commodities on their shelves, such as forest fiber toilet paper brands or the countless consumer products that contain palm oil, such as shampoos and dish detergents. Retailers that continue to give these commodities—and the brands that use them—extensive shelf space not only are complicit in deriving profit from destructive supply chains but also further expose their companies and investors to several forms of financial risk, including reputational, operational, and market risk.

In this report, we detail several case studies of retailers profiting from such destructive commodities and the resulting financial risk posed to shareholder investments. We also highlight the economic urgency of action by providing examples of escalating investor pressure on retailers to address their forest and climate impacts, and the regulatory progress poised to usher in heightened market accountability on these issues. Last, we chart a course of action that retailers should take to avoid fueling deforestation, forest degradation, and associated human rights abuses in their supply chains.

For the purposes of this paper, NRDC defines deforestation as the change from forest to another land cover or land use, such as forest to plantation or forest to urban area, and forest degradation as immediate or long-term reduction in a forest’s ecological integrity, including ecosystem resilience, species composition, and/or carbon storage, caused by direct or indirect anthropogenic impact.
The following three case studies—on tissue products, beef and soy, and wood products—capture the ways in which retailers have been scrutinized by consumers and investors for failing to adequately mitigate their exposure to products that put forests at risk. Retailers should see these case studies as a warning—and a chance to be proactive and protect their bottom line.

**Tissue products:** Retailers have been implicated by leading research groups and nonprofits in both the sale of other companies’ unsustainable tissue products and in the manufacturing of their own damaging private-label tissue brands. In an annual report and tissue scorecard published by NRDC in 2023, private-label brands of retailers including Costco, Walmart, and Aldi received failing grades for their harmful impacts on forests and the climate. NRDC’s report calls on retailers to scrutinize their range of tissue product offerings and ensure that their private-label lines do not perpetuate deforestation, forest degradation, and Indigenous rights abuses. This report and its previous editions have received widespread media attention.

In 2022, research by the Environmental Paper Network (EPN) identified which leading U.S. retailers continue to sell Fiora, LoCor, or Livi tissue brands. These products are affiliated with Asia Pulp & Paper (APP), a company with a long track record of environmental and human rights violations in Indonesia. APP has been tied to the ongoing deforestation of tropical peatlands and hundreds of violations of local community rights. Additionally, APP is a subsidiary of the Indonesian conglomerate Sinar Mas, whose palm oil operations have been widely implicated in deforestation, land grabbing, and human rights abuses. Historically, Sinar Mas has supplied palm oil to many major consumer brands, marking another area for heightened scrutiny of the U.S. supermarkets that continue to line their shelves with those products. After EPN contacted 27 U.S. grocery stores and retailers that have sold or currently sell these APP-affiliated tissue products, many of the retailers failed to respond or take action. As of March 2024, these brands are still available at major retailers such as Home Depot, Kroger, Lowe’s, and Walmart.

In contrast, other retailers such as Ahold Delhaize (the owner of multiple supermarket chains including Food Lion, Giant, and Stop & Shop) and Office Depot were responsive in removing these brands and other APP-affiliated tissue products from their store shelves, increasing the reputational risk for those companies that continue to sell these tissue products to unwitting consumers. Similarly, other, smaller online retailers such as Grove Collaborative and Thrive Market avoid selling forest fiber toilet paper altogether. Instead, they currently provide consumers with tissue options made only from recycled content or sustainably sourced bamboo. These companies prove that it is possible to provide consumers with an array of tissue product options that do not come at the expense of the world’s forests and the communities and wildlife that depend on them.

**Beef and soy:** In 2019, the international media turned its eyes to the Amazon when millions of acres of forest were intentionally burned to clear land for new cattle and soy feed plantations, resulting in air pollution that caused adverse health impacts and thousands of hospitalizations. In response, the environmental advocacy organization Mighty Earth exposed several major retailers who conduct...
business with the international meat and soy companies, including Brazilian meat giant JBS, most responsible for this destruction. Among these were Ahold Delhaize, Costco, and Walmart, which conducted a combined $3.2 billion in business with JBS between 2018 and 2019, thereby creating the demand that helped finance this rampant forest destruction.

Since then, environmental nongovernmental organizations (NGOs) have filed multiple complaints against JBS with the U.S. Securities and Exchange Commission (SEC), including that the company has omitted key information in its reporting to investors concerning its net-zero and climate-related claims and that it has failed to eliminate illegal deforestation, labor abuses, and land grabbing of Indigenous territories from its supply chain. Moreover, in February 2024, the New York attorney general filed a lawsuit against JBS for advertising false sustainability claims that misled consumers and threatened the planet. Should JBS face legal action from this lawsuit, or should the SEC take action against the company, this may create additional operational and reputational risks for the retailers that continue to rely on large contracts with JBS.

**Wood products:** In a May 2022 brief published by NRDC, Rainforest Action Network, Friends of the Earth, and others, Home Depot came under fire for failing to address its impacts on at-risk forests. The report identifies that 86 percent of the retailer’s wood supply comes from areas where the company lacked any defined forest protection policy. The following year, the Environmental Investigation Agency (EIA) published a report connecting forest crimes in Equatorial Guinea with over a million doors sold to U.S. customers via hundreds of Home Depot stores. Not only did this illegal sourcing of doors violate Home Depot’s own wood-sourcing policy, but EIA suggests that the company is in further violation of the U.S. Lacey Act, which prohibits the import of illegally harvested timber. Then, a couple of months after its initial investigation, the EIA published a new analysis that found that Home Depot’s stores had continued selling doors made from this illegally traded wood. These findings suggest that Home Depot remains in violation of U.S. law and its own sourcing standard, in turn misleading U.S. consumers and creating material risk for its shareholders.
In recent years, shareholder resolutions proposed at companies such as Procter & Gamble (P&G), Costco, Home Depot, and Lowe’s have reflected that the forest- and climate-related impacts of both retailers and the brands they carry is a growing area of concern for the investment community.

In October 2020, consumer goods giant P&G was the first ever company to face the passage of a forest-related shareholder resolution at its annual general meeting. This resolution centered on P&G’s ties to tropical deforestation and boreal forest degradation regarding its sourcing of palm oil and wood pulp, respectively. These forest-risk commodities end up in a range of P&G brands, such as Charmin toilet paper and Head & Shoulders shampoo, which are sold by countless major retailers. In the years since, P&G shareholders have remained dissatisfied with the company’s irresponsible forest sourcing. Nevertheless, the resolution’s passage signaled a remarkable shift toward asset managers directing companies to address their negative forest impacts on financial grounds. In particular, this shareholder vote marked the first time that BlackRock, the world’s largest asset manager, supported a deforestation-related shareholder resolution.

By 2022, Home Depot and Lowe’s were facing similar shareholder resolutions, filed by Green Century, that called on the two home improvement retailers to increase their efforts to eliminate deforestation and the degradation of primary forests in their supply chains. In exchange for Green Century withdrawing its proposal, Lowe’s agreed to disclose the impact of its sourcing on primary forests and develop a strategy to mitigate the climate, biodiversity, and human rights risks associated with its wood sourcing. By 2022, Home Depot and Lowe’s were facing similar shareholder resolutions, filed by Green Century, that called on the two home improvement retailers to increase their efforts to eliminate deforestation and the degradation of primary forests in their supply chains. In exchange for Green Century withdrawing its proposal, Lowe’s agreed to disclose the impact of its sourcing on primary forests and develop a strategy to mitigate the climate, biodiversity, and human rights risks associated with its wood sourcing.

In contrast, the proposal at Home Depot went to a vote at the company’s May shareholder meeting that year, where it was passed with roughly two-thirds support. This marked the second ever forest-related shareholder resolution to pass over company opposition, coming less than two years after P&G’s. In response, Home Depot issued a new forestry policy and a “Sustainable Forestry Report.” However, these steps failed to respond to the company’s ties to illegally sourced wood from Equatorial Guinea, and Home Depot continues to deny or obfuscate unsustainable sourcing from other regions, including forest degradation in the Global North. Recently, Home Depot faced yet another vote on a forest-related shareholder proposal at its May 2024 annual general meeting, which requested that the company disclose a biodiversity impact assessment across its full value chain.

While this resolution did not pass, the support it received from several major asset managers—including Norges Bank Investment Management, Legal & General Investment Management, and Allianz Global Investors—affirms that companies failing to mitigate their biodiversity impacts are vulnerable to heightened financial risk.

At Costco’s 2022 shareholder meeting, a resolution passed with just under 70 percent support, asking the company to set science-based targets to reduce its greenhouse gas emissions and achieve net-zero emissions by 2050 or sooner—the first shareholder vote on a proposal of this kind. Moreover, the proposal included the company’s full value chain, meaning that the retailer needs to account for the Scope 3 emissions associated with the products on its shelves. Given that deforestation and forest degradation are leading causes of greenhouse gas emissions, this resolution necessarily implicates Costco’s impacts on global forests. Increasingly, retailers and other companies that fail to accurately account for, and report on, these Scope 3 emissions will be seen as not only lagging on sustainability but also falling behind other corporate competitors.

These resolutions passed because of support from some of the largest global asset managers, many of which hold shares in multiple large retailers. This means that their concerns around one company’s practices are likely to engender further scrutiny around forest impacts across the whole retail space. Moreover, as we face growing pressure on the natural ecosystems on which these businesses depend, investors are likely to continue pointing to the increasing financial risks associated with negative forest impacts.

TRAILBLAZING SHAREHOLDER ACTIONS TAKE AIM AT RETAILERS AND CONSUMER BRANDS HARMING FORESTS AND THE CLIMATE

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b Scope 3 emissions are defined as all indirect emissions, both upstream and downstream, in a company’s value chain. World Resources Institute, “FAQ,” Greenhouse Gas Protocol, accessed May 7, 2024, https://ghgprotocol.org/sites/default/files/standards_supporting/FAQ.pdf.
Groundbreaking new regulatory standards for forest-risk commodities are also expected to bring about significant marketplace change and improved supply chain due diligence that will impact retailers.

THE GLASGOW LEADERS’ DECLARATION ON FORESTS AND LAND USE AND THE GLOBAL STOCKTAKE

The 2021 Glasgow Leaders’ Declaration on Forests and Land Use, which was signed by 145 countries representing over 90 percent of the world’s forests, commits its signatories to halt and reverse deforestation and land degradation by 2030. Ultimately, the success of this groundbreaking declaration will depend on equitable action across both tropical and northern forests to reduce the harms associated with producing forest-risk commodities. Similarly, in December 2023, the 28th United Nations Climate Change Conference brought world leaders together around the urgency of advancing forest conservation and restoration. Countries concluded the first ever “Global Stocktake,” an agreement identifying necessary actions to meet the climate targets in the Paris Climate Agreement and committing its signatories to accelerating climate action by 2030. The Global Stocktake emphasized the need to enhance global efforts to halt and reverse deforestation and forest degradation by 2030 as a necessary step toward meeting emissions reduction goals.

NEW REGULATIONS AND INTERNATIONAL COMMITMENTS ARE POISED TO UPEND BUSINESS AS USUAL

THE KUNMING-MONTREAL GLOBAL BIODIVERSITY FRAMEWORK (GBF)

In December 2022, 196 countries signed the GBF, which committed countries to a series of nature protection targets for 2030. These targets include transformative actions such as reducing the loss of ecosystems of high ecological integrity down to “close to zero” and protecting 30 percent of lands and waters by 2030. In addition, the GBF contains targets directly related to sustainable supply chains. These include “ensur[ing] that people are encouraged and enabled to make sustainable consumption choices,” enabling businesses to increase monitoring and transparency, and addressing subsidies that are harmful to biodiversity. The GBF reorients global regulations and policies around truly sustainable practices and embeds new expectations and standards for both governments and the marketplace around meaningful action to address the biodiversity crisis.

THE UNITED NATIONS DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLES (UNDRIP)

UNDRIP, which was adopted with the support of 144 countries in 2007, outlines that Indigenous Peoples have the right to give or deny free, prior, and informed consent (FPIC) to industrial projects that could impact them, such as commercial logging or industrial agriculture. According
to UNDRIP, FPIC is a critical, bare-minimum international requirement for Indigenous rights. Since then, some countries have made progress toward enshrining this right into their domestic laws. This includes Canada, which in 2021 passed Bill C-15, requiring that the federal government take measures to ensure that the country’s laws are consistent with UNDRIP. Progress like Bill C-15 points toward increasing risk for marketplace actors that fail to protect and uphold FPIC as an essential right throughout their supply chains.

THE EUROPEAN UNION DEFORESTATION REGULATION (EUDR)

In 2023, the European Union (EU) passed a new Deforestation Regulation, banning imports of certain forest-risk commodities that cause deforestation and forest degradation or that were illegally produced. The EU’s new trade standard explicitly defines “forest degradation” as including certain types of industrial logging in primary forests, creating unprecedented accountability for unsustainable forest sourcing in the Global North, where these impacts have long been overlooked. This standard is set to take effect at the end of 2024.

Countries outside the EU are already following the EUDR’s lead, such as the United Kingdom’s December 2023 legislation that helps ensure supermarkets remove products linked to illegal deforestation from their shelves. Although this legislation’s narrow focus on illegal deforestation is far less robust than the framing of the EUDR, these regulations are helping to advance essential protections for forests, the climate, and consumers alike.

U.S. STATE-LEVEL ACTIONS

In May 2022, the governor of Colorado signed a first-of-its-kind executive order encouraging state agencies and departments to purchase goods and raw materials from vendors that do not contribute to boreal forest degradation or deforestation and that guarantee the protection of the rights of Indigenous Peoples who live there.44 Now, in 2024, Illinois legislators have introduced a bill requiring that all state government purchases of forest-risk commodities must not come from land where tropical or boreal deforestation or primary forest degradation has occurred.45 This builds off past efforts in recent years by legislators in New York and California, who have introduced similar bills requiring that state procurement contracts do not drive deforestation or degradation.46 As more states transition their purchases to more sustainable products, they will have ripple effects across the marketplace more broadly, enshrining the protection of forests and Indigenous rights as a prerequisite to marketplace access.
In this shifting landscape, retailers would be wise to get ahead of these recent or impending regulatory, consumer, and investment movements against deforestation and forest degradation. Doing so will require them to adopt and rapidly implement robust policies that pertain to both their direct supply chains and those of the products they sell while fostering transparency and civil society engagement around their sourcing practices. To achieve this, retailers should do the following:

- **Consider alternatives to forest-risk commodities.** For example, retailers should provide consumers with paper and tissue product options made from 100 percent recycled content, which means they contain no new forest fibers. Additionally, indicating online and in store which product offerings lessen or avoid impacts on forests will help educate consumers and better inform their purchasing decisions.

- **Adopt commitments to “no deforestation, no peat, and no exploitation” (NDPE) and no forest degradation across all forest-risk commodity supply chains,** including mandatory requirements for all suppliers to adopt these policies. For these commitments to be effective, both retailers and the brands they carry must implement robust supply-chain mapping, transparency, traceability, grievance, and independent verification systems. These policies must be aligned with best practice cutoff dates, after which deforestation and forest degradation will not be tolerated.

- **Require that all suppliers providing forest-risk commodities used in private-label products and those manufactured by brands obtain the FPIC of Indigenous Peoples who could be impacted by their operations.** Indigenous Peoples have the right to give or deny consent to industrial projects that could impact them. Retailers must explicitly require proof of FPIC from all suppliers and proactively ensure that none of the brands they sell are sourcing from controversial suppliers that have been shown to operate in violation of this right.

- **Establish and implement a zero-tolerance policy for attacks or threats against environmental and human rights defenders, and require the same for all brands they sell.** Human rights defenders, who play a critical role in upholding human rights and advancing environmental due diligence, continue to face threats and violence for spotlighting business-related abuses. Protecting defenders against retaliation is not only critical for safeguarding human rights but also essential for companies looking to protect themselves and their shareholders against the
operational, reputational, and market risks associated with inaction on this issue. Retailers should immediately suspend purchases from suppliers with violations and begin engagement to develop a path of remediation.

- **Calculate and set targets for reducing their Scope 3 emissions, including those associated with the products they sell.** Retailers are responsible for as much as a quarter of global greenhouse gas emissions, largely through Scope 3 or “indirect” emissions that occur both up and down the value chain. While some major retailers have made Scope 3 commitments, the majority have yet to make any progress in this area. Urgent action is needed to develop credible methods for accurate accounting for land-based emissions, data collection from suppliers, and related retailer commitments to Scope 3 emission reductions to help bring the industry in line with the Paris Climate Agreement goals. Retailers must disclose annually their estimates of Scope 3 emissions associated with private-label products and all other brands sold.

- **Publish an annual forest footprint disclosure and require the same for all brands they sell.** As described by environmental NGO Rainforest Action Network, “A forest footprint includes areas of forests and peatlands that have been cleared, or are standing or intact but remain at risk of deforestation or degradation in regions where forest-risk commodities are sourced from.” This footprint disclosure should include the area of land impacted or at risk of future development. It should also contain additional data on the annual volumes of each forest-risk commodity that the company has purchased by geography and those commodities’ rates of third-party-certified compliance with the company’s NDPE and no-forest-degradation policies. Moreover, this reporting should include the retailer’s impacts on Indigenous Peoples and local community rights in forest and peatland areas on traditionally managed lands. The information gained from this tracking and reporting should be translated into future retailer merchandising decisions so that the inclusion of more sustainable brands is incentivized over competing brands that fail to rectify negative forest, climate, and human rights impacts.

- **Establish clear, transparent, and accessible grievance mechanisms, including protocols for addressing supplier or brand noncompliance.** This policy should be comprehensive across supply chains and not limited to “direct” or “Tier 1” suppliers. Company reporting should include transparency around the number and types of grievances it receives annually, as well as the actions it has taken to remedy each complaint in consultation with the complainants, including affected Indigenous Peoples, human rights defenders, and workers.

- **Actively engage with civil society stakeholders (including environmental NGOs) to inform company policy development and implementation and help ensure alignment with accepted best practices.**

- **Support public policies that set standards for responsible forest sourcing.** Through public communications, engagement with policymakers, or other means, companies should support public policy proposals aimed at advancing regulatory standards, land-use changes, incentives, investments, disclosures, or other initiatives to help halt and reverse deforestation and forest degradation, uphold human rights, and support more sustainable and transparent forest-risk commodity supply chains. Similarly, companies should not, either directly or through trade industry associations, engage in lobbying or other efforts to oppose or undermine these policy efforts.
Supermarkets and other retailers have significant market power and influence to address the unsustainable forest-risk commodity supply chains driving environmental and human rights consequences globally. As pressure has grown on the brands that produce and use forest-risk commodities to take corrective action and improve supply chain oversight, retailers, too, face an increasing economic and environmental imperative to address their role in continuing to carry and profit from these damaging brands.

Groundbreaking shareholder actions and new regulations are ushering in an era of enhanced forest and climate protection, shifting the landscape in which the industry operates. Retailers, just like the brands they sell, will need to embrace this reality by advancing policies and disclosures around their forest footprint or face heightened financial risk. Retailers can—and must—do more to meet their responsibility to consumers, investors, and the planet.
ENDNOTES


2 Ibid.


10 Ibid.


14 The author confirmed the availability of these products by visiting each retailer’s online store.


17 Ibid.


22 Ibid.


30 Green Century, “Lowe’s” Commits to Comprehensive Reporting.”


Ibid.


Ibid.
