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MAGAZINE

'OUR HOUSE IS ON FIRE'

The battle against escalating deforestation risk in Brazil



**MATO GROSSO'S
PLAN FOR
DEFORESTATION-FREE
BEEF**

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WELCOME TO THE MARCH 2019 ISSUE

Greta Thunberg’s oft-repeated warning that “our house is on fire” is nowhere more evident than in Brazil, where Jair Bolsonaro’s bonfire of environmental regulations has led to a surge in land clearance for soy and beef. According to the National Institute of Space Studies, there was an 85% jump in deforestation from 2018-2019, a rise that attributed by ecologists to a so-called “Bolsonaro effect”.

This month, in the second part of Ethical Corporation’s two-part special briefing on

deforestation, Mark Hillsdon reports on the tendrils of hope amid escalating soy deforestation in Brazil as civil society and companies push back against Jair Bolsonaro’s policies promoting environmental destruction.

He also reports on how the state of Mato Grosso’s pioneering Produce, Conserve and Include strategy is working to transform farmers into allies in the fight against deforestation, and a new green bond being launched on the London Stock Exchange that will incentivise sustainable soy production in the Cerrado.

With Brazil, the world’s sixth most populous country, home to more cattle than people, beef is one of the most important industries and responsible for 80% of the destruction of the Amazon rainforest. Mark Hillsdon reports on how a €3.5m joint venture between the Sustainable >



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Trade Initiative and the Carrefour Foundation aims to double beef productivity in a bid to dramatically reduce its environmental toll.

Shifting continents to Africa, I report on how the pioneering Cocoa & Forests Initiative, signed between the governments of Ghana and Côte D’Ivoire and the cocoa industry in 2017, has failed to turn the tide on rampant deforestation.

And Mark Hillsdon and I look at the big gap between rhetoric and action by investors and companies when it comes to addressing escalating forest loss, as reflected in new reports from Forest 500 and CDP.

Angeli Mehta takes a long look at the Forestry Stewardship Council, which is coming under pressure to reform amid declining take-up and concerns about credibility in countries like Russia, and she reports on a long-running battle between FSC and a northern Californian community that is trying to prevent logging and the use of herbicides in high conservation value forest.

With a global agreement on biodiversity to be signed by 196 nations this autumn in China, she also reports on the growing business agenda for addressing biodiversity loss through platforms like the Business for Nature coalition and One Planet Business for Biodiversity.

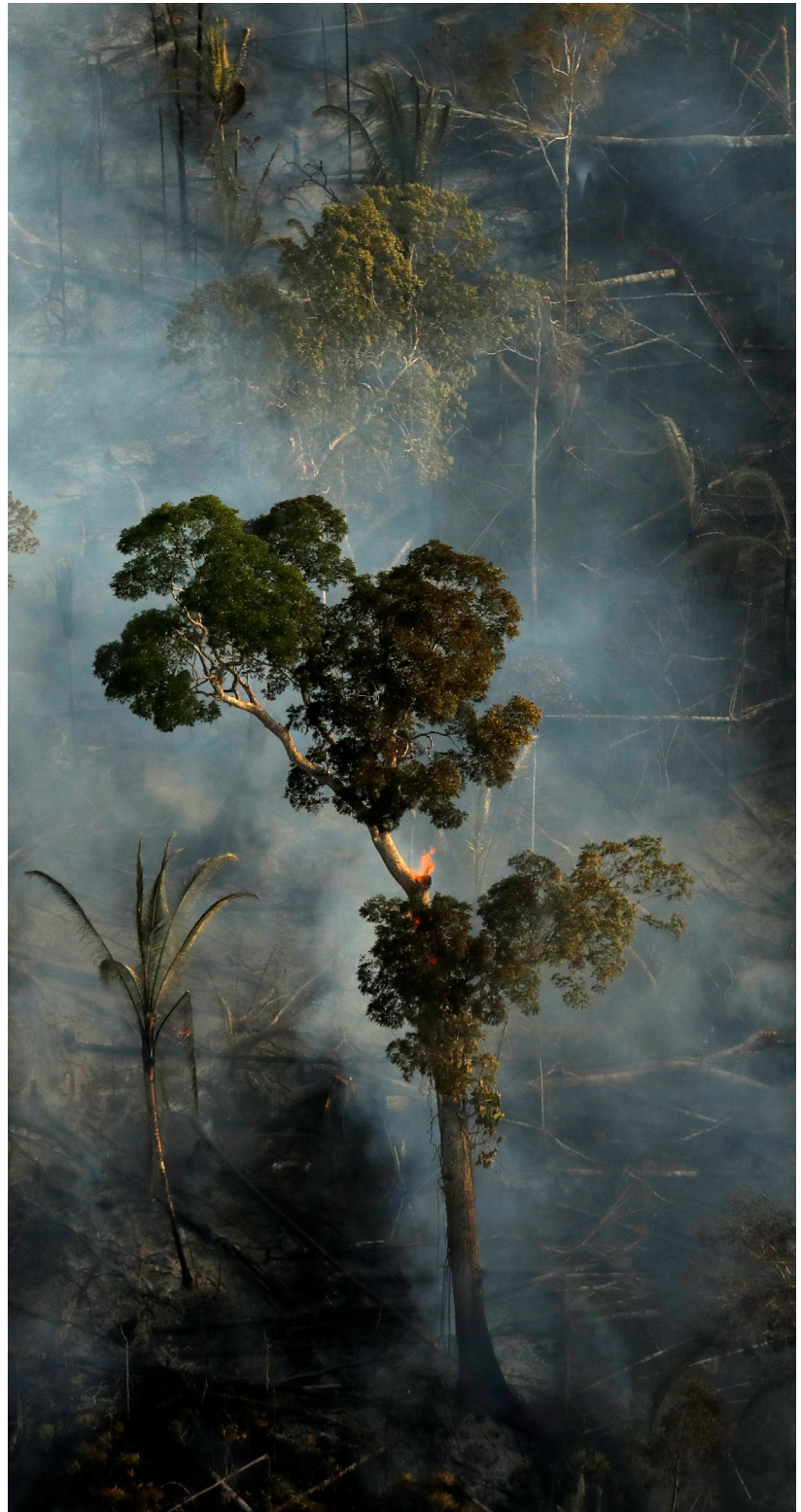
Finally, we turn our attention to Britain, where David Craik reports on recommendations from the Committee on Climate Change that reducing emissions from land use will be key to delivering the UK’s net-zero economy as it looks to plough its own furrow post-Brexit.

We hope you enjoy the March issue.

Next month, we shift gears and focus on cities, reporting on the rising agendas of climate change resilience and energy efficiency. ■



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RESPONSIBLE BUSINESS SUMMIT, NEW YORK

IMPORTANT UPDATE

Given the rapidly evolving situation in New York, we have taken the difficult decision to postpone The Responsible Business Summit until September 22-23, 2020.

September's event will take place in the same venue, The Marriott Brooklyn Bridge, and will benefit from co-location with the Reuters Events ESG Investment Summit.

Further to this, our team has been working tirelessly over recent weeks to develop a full virtualization suite for our customers, enabling increased learning, networking and business development opportunities - this will be a key addition to the September event.

We've already had a number of speakers re-confirm their involvement for the September event.

I'd like to take this time to thank everyone that's been involved and supported the event over the past few weeks, during challenging and unprecedented times.

All attendees will be contacted in the coming days but, in the meantime, if you have any questions, please don't hesitate to get in touch.

If you booked your hotel stay as part of the RBS room block, please cancel your room reservation with the Marriott by calling (718) 246-7000. Cancellations must be made by March 15, 2020 for a full refund. If you need any help with this, please let me know.

**The team and I look forward to welcoming you
all to #RBSNY in September.**

If you have any questions then please do get in touch.


Best wishes,

Liam Dowd

Ethical Corporation – Managing Director

Reuters Events

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Tendrils of hope amid huge setbacks for sustainable soy in Brazil

Jair Bolsonaro's policies have led to the collapse of efforts to hold the line on deforestation in the Cerrado, but civil society and companies are fighting back. [Mark Hillsdon](#) reports

 [VIEW ONLINE](#)





“

I think the idea that there could be some broad, biome-level agreement in the Cerrado is off the table for now

Last year was a difficult time for Brazil. The world looked on as fires ravaged the Amazon, while Jair Bolsonaro’s populist government slashed funding for environmental protection and sacked the head of Brazil’s space agency for publishing satellite images that showed the extent of the Amazon’s demise.

The resultant surge in land clearance led to both Germany and Norway suspending payments to the Amazon Fund, while individual companies took action too. H&M, for instance, abandoned Brazilian leather, while Nordea, the largest financial group in Northern Europe, suspended the purchase of Brazilian government bonds.

The implications for the planet were underlined by a [recent report in Nature magazine](#) that the Amazon could flip from being an absorber of CO₂ to a source of emissions as early as the mid-2030s due to escalating forest loss and slow growth.

“Under Bolsonaro, soy farm associations have been emboldened,” says David Cleary, director of agriculture at The Nature Conservancy (TNC), adding that the president has “whipped a populist support against interfering NGOs [while billing] zero deforestation as a neo-imperialistic manoeuvre.”

Last year also saw the collapse of work on the so-called Cerrado Mechanism, a financial scheme that would have compensated farmers for foregoing legal rights to converting forests, says Cleary.

The mechanism had grown out of the Cerrado Manifesto, a 2017 agreement that created a coalition between civil society and businesses that purchase soy and beef from the Cerrado to eliminate deforestation and end any contracts with producers using recently converted natural areas. Etelle Higonnet from the NGO Mighty Earth says the mechanism was sabotaged “by some of the most retrograde elements in the Brazilian soy industry.”

“The idea that there could be some broad, biome-level agreement in the Cerrado, I think that’s off the table for now,” continues Cleary. “There has been a scaling down of ambitions,” with people now more concerned about “preserving what they’ve got, rather than trying to make advances”. >

Last year saw a surge in land clearance in the Amazon and Cerrado.



A pile of illegally cut logs at a sawmill in Brazil.

NACHO DOCE/REUTERS

Initiatives such as the Soy Moratorium, an agreement not to utilise newly deforested land for soy, signed by companies including Cargill, Bunge and Amaggi, along with NGOs such as Greenpeace, have also come under sustained attack from both government and producers, says Cleary, while Higonnet points to attempts to kill off the Brazilian Soy Working Group (GTS), which over the last decade has helped to reduce deforestation caused by soy in the Brazilian Amazon from 30% to 1%.

“Not only did it [GTS] drive deforestation from soy down unbelievably well but also productivity went up and profitability went up ... it was such a win-win,” Higonnet says.

Yet despite the attacks and the rhetoric, there is still hope, she says.

The Coalizao Brazil (Coalition Brazil), for instance, has brought together businesses, academics and NGOs to keep the worst excesses of Bolsonaro in check.

“There is a huge contingent of Brazilian business, and media and civil society that do not agree with what’s happening and that’s trying to stop it,” Higonnet says.

The coalition represents 21% of the economy, and had enough clout to convince the government that



ADRIANO MACHADO/REUTERS

Brazil’s president Jair Bolsonaro has whipped up populist anger against NGOs and zero-deforestation efforts.

it would be economic folly to pull out of the Paris Agreement, she continues.

Many Brazilian agricompanies are also involved, explains Higonett.

“Some Brazilian agribusinesses are among the most sophisticated in the world [and] there’s almost like a war between the more progressive and the more retrograde companies. Their financial future is hitched to being attractive to the new demands of the market, and that the market wants deforestation-free products.” >

Cleary also sees reasons for optimism, particularly in the new generation of farmers who see the sustainability of their farms as crucial to their future livelihoods.

“Farmers migrated to and planted these areas in the 80s and 90s and now their children are beginning to take over,” he says. This second generation of farmers are looking to intensify production rather than expand it geographically; and manage their soils better with better cropping.

“If you’re a soy farmer, it makes much more sense for you to be expanding over land that’s already been cleared – closer to a road, transport costs are lower [and] environmentalists are going to leave you alone.

“There is a deep cultural shift going on that in the end is going to work in favour of sustainable approaches to soy production.”

Cleary sees huge opportunities for the ag-input sector to develop products that can help farmers to improve the fertility of degraded land.

“It’s the kind of market-driven, positive change that we really like to see,” he says. “It’s a genuine business opportunity but also dovetails really well to their pre-existing sustainability policies... (and) helps the soy sector move towards zero deforestation.”

While agrochemical giants such as Bayer are often mired in controversy, for instance the recent Greenpeace exposé that they were among a cartel of companies selling chemicals and pesticides in Brazil that are banned in Europe, their efforts around deforestation are having a more positive impact on the landscape.



There is a deep cultural shift that is going to work in favour of more sustainable approaches to soy production



1000 WORDS/SHUTTERSTOCK

Tesco announced a £10m contribution to the Funding for Soy Farmers in the Cerrado initiative.

“We don’t need to advance agriculture and open new frontiers,” says Alessandra Fajardo, Bayer’s Latin America environment and agriculture strategy lead. “Our priority is to focus on helping farmers really boost crop yield and productivity while ensuring environmental protection.”

Bayer’s portfolio of solutions for farmers includes access to varieties of soy that are suited to the climate or region, and techniques that can help transform degraded pastureland, from improving soil quality with fertilisers and organic matter, to the use of digital technology to allow agrochemicals to be applied more accurately and sparingly.

CERTIFICATION CONUNDRUM

For years, international buyers and retailers have looked to certification as the way to halt Brazil’s deforestation, but efforts to make soy supply chains sustainable have lagged behind other commodities such as palm oil, to the extent that certified soy makes up just 0.2% of the market (compared to the 20% market share of certified sustainable palm oil).

The Round Table on Responsible Soy (RTRS) points to a 41% rise in the sale of certified soy in 2019, to 4 million tonnes, which it describes “as a clear sign (of) a global increasing trend”. However, the fact that China alone imported over 88 million tonnes of soy last year puts the figure into context.

Certification is “never going to be able to move the needle, given the limited market penetration,” >



says Cleary. “When you’re looking at solutions around sustainability in soy, you’re going to have to, almost by definition, go beyond certification.”

It’s a view echoed by Daniel Salter, responsible sourcing manager (forests) at Tesco. “Certification is an important starting point for tackling these commodities but we know they’re not sufficient enough to end deforestation any further than your own supply chain,” he says.

Tesco, which launched its zero-deforestation soy transition plan in July 2018, is now looking for new ways to stop the clearance of forests. At the end of last year it announced a £10m contribution to the Funding for Soy Farmers in the Cerrado initiative, designed to help protect native vegetation by transitioning to soy production on existing agricultural land.

Tesco has been working in partnership with the WWF, and believes that around £250m is needed to fund an effective financial mechanism that could incentivise farmers not to deforest, despite their legal right to do so, says Salter.

Over the last two and a half years, 150 of the world’s biggest food companies and investors have signed the Cerrado Manifesto’s Statement of Support, and Salter now wants more to come forward and support the new funding strategy.

“At the heart of the statement of support is



Tesco believes £250m is needed to fund a financial mechanism that could incentivise farmers not to deforest

effective industry-wide action,” he says, with animal nutrition business Nutreco, and Grieg Seafood, already signing up.

“We have a role to play supporting action beyond what the government requires; that’s where our financial incentives to farmers in the Cerrado comes into it.

“My hope is that we will be able to use it as a model for effective change in other landscapes across South American, and potentially other commodities,” he says.

Other companies looking to make a difference in the Cerrado include global food business the Archer Daniels Midland company (ADM). The company is one of the top five processors of soy in Brazil, and its commitments to traceability and dealing with delinquent suppliers saw it score highly in the [recent Forest 500 report](#), although it >



The pressure the global community has brought to bear, especially purchasers, has really had an impact



ADRIANO MACHADO/REUTERS

lagged behind on other commodities, such as paper and pulp.

ADM is keen to find a “sustainable balance between agricultural production and conservation” explains chief sustainability officer Alison Taylor. ADM uses satellite technology to monitor over 90% of its producers in areas that are at the highest risk for deforestation in the Cerrado.

It is also “working to define common standards that will bring more transparency to the sector as a whole and searching for financial incentives that will protect forested areas and/or promote the use of previously cleared land,” she says.

Nestlé topped the list of soy buyers in the Forest 500 report, and a spokesperson said that over the past 10 years the company had developed an integrated approach that combines certification, supply chain mapping, on-the-ground verification and satellite surveillance, which means that around 90% of its global key agricultural commodities could to be verified as deforestation-free by the end of 2020.

The company hasn’t been afraid to cut ties with companies that don’t share its stance on deforestation. A spokesman said Nestlé stopped sourcing Brazilian soy from Cargill last May “because of their inability to deliver traceable soya and because of recent changes on their policy regarding deforestation in Brazil.”

A CLEAN STREAM

“The pressure that the global community has brought to bear, especially the purchasers, has really had an impact,” says Higonett.

She is also excited by comments made by Mars

Big brands are to start dropping suppliers engaged in indigenous rights abuses and land grabbing.

global director of sustainability Kevin Rabinovitch that “a group of high ambition companies in the Consumer Goods Forum are to start to drop suppliers, not based on the deforestation or problems directly in the chain from that supplier to the company, but based on their group-wide performance.” (See [Deadline 2020: Big brands double down on efforts to source deforestation-free palm oil](#))

If it happens, she says, “You would finally start to see Bunge and Cargill and others get dropped.” Higonett said this is because such companies have a clean stream of deforestation-free soy in the Amazon, but also a “dirty” stream of soy that is contributing to deforestation in Bolivia in the Gran Chaco, and in the Cerrado.

“If major companies... start to source based on that, then I think we will clean up the suppliers who are engaging in indigenous rights abuses, land grabbing, [and] this epidemic of violence against environmental defenders and deforestation.” ■



Mark Hillsdon is a Manchester-based freelance writer who writes on business and sustainability for Ethical Corporation, The Guardian, and a range of nature-based titles including CountryFile and BBC Wildlife.





‘With the right incentives we could double soy production without felling another tree’

The state of Mato Grosso’s pioneering Produce, Conserve and Include strategy is working to transform farmers into allies in the fight against deforestation, but it needs more financial support from outside Brazil, reports [Mark Hillsdon](#)

 [VIEW ONLINE](#)



CASADAPHOTO/SHUTTERSTOCK

Mato Grosso is the largest producer of soy, maize and cotton in Brazil.



ROBERTO TETSUO OKAMURA/SHUTTERSTOCK

Y

ou could lose Texas – and a good chunk of California – within the borders of Mato Grosso. The vast Brazilian state, whose name means Great Woods, sprawls across more than 900,000km², with 62% of the state still covered in native vegetation, part Amazon rainforest, part Cerrado savannah and part Pantanal wetland.

Yet the state is also the centre of the country’s agribusiness sector, a global powerhouse of agricultural production that in 2018 produced 32m tons of soy and 5.4m head of cattle, a level of production that has put a huge strain on the landscape and, most critically, its forests.

In January, Brazil’s National Institute for Space Research (INPE) revealed that tree loss in the Amazon had increased by 85% this year, the slew of 2020 zero-deforestation commitments from foreign companies lost amid the smoke of forest fires and the arrival of a government with little time for environmentalism.

Paradoxically, Mato Grosso, the largest producer of soy, maize and cotton in Brazil, has reduced deforestation more than any other state in the Brazilian Amazon in the past five years, largely due to its Produce, ... Conserve and Include (PCI) strategy, which aims to reduce deforestation within the Amazon by 90% and the Cerrado by 95%, reforest some 6.7m acres and, in the process, avoid

some 6 gigatonnes of emissions by 2030.

But progress has been slow, with the percentage of unauthorised deforestation in the state reducing to 89.5% in 2018 from 96.4% in 2016.

Fernando Sampaio, the PCI’s executive director, says the strategy brings together government agencies, civil society and private businesses.

It is also part of a jurisdictional approach that encourages companies to collaborate with local governments, communities and producers across entire regions rather than simply one supply chain. It’s about long-term solutions and long-term benefits, with the aim of not just stopping deforestation but also increasing productivity and ensuring farmers have a say in the region’s economic development.

Importantly, it’s also a methodology that’s designed to complement rather than replace the efforts of private companies, integrating existing policies and building on prior successes to reduce deforestation.

What the PCI also recognises is that while deforestation needs to stop, it shouldn’t be local farmers that foot the bill. Under Brazil’s Forest Code, in force since 2012, only 20% of land in forested parts of the Amazon and 65% of land in the Cerrado can legally be converted for productive use by farmers.

FARMERS BEARING THE BURDEN

“Zero-deforestation policies from companies in different supply chains have been creating a >



Mato Grosso retains ecologically important areas such as the Pantanal wetland.



Since 2017, Mato Grosso has received funding through REDD+ to help indigenous people protect forests.

lot of conflict between farmers and industry,” explains Sampaio. “Farmers feel that the Forest Code is already a heavy burden for them. They provide a service that benefits the entire society but they [bear] all the costs. In private properties in the Amazon, up to 80% of the farms have to be preserved – something unthinkable in any other producing country. So farmers see zero deforestation ... simply as confiscation of their properties and with no compensation.

He adds: “Many regions in Mato Grosso, and that is true for the rest of Brazil, see agricultural production as perhaps the only chance they will ever have of achieving some degree of development. If you look at municipalities and regions where soy production is strong, indicators for health, education, income, security are much better than the average in Brazil.”

There are some 50m hectares of degraded pasture within Mato Grosso, enough room to cope with expansion of Brazilian soy over the next 15 years. And with the right incentives, says André Guimarães, executive director at the Amazon Environmental Research Institute (IPAM), Mato Grosso’s farmers could double soy production without felling another tree or losing one hectare of grazing land.

Halving the use of land is also the aim of a €3.5m joint venture between the Sustainable Trade Initiative (IDH) and the Carrefour Foundation to

“If farmers are willing to give up their right to deforest, intensify production and conserve more, there should be some kind of premium

increase the efficiency of cattle production in Mato Grosso. (See [Mato Grosso’s plan to double beef productivity in bid to curb deforestation](#))

“There’s a price tag associated to it that needs to be paid by someone and at this point in time this price tag is being supported by Brazilian taxpayers’ money and a little bit of international cooperation,” Guimarães explains.

“If they [farmers] are willing to give up their right to deforest, and intensify production to produce more and conserve more at the same time, there should be some kind of premium.”

Since 2017, Mato Grosso has also been the recipient of carbon financing through the REDD+ early movers programme to reward avoided deforestation. Funding of €17m from Germany and £23.9m from the UK through the programme is going to help smallholders, indigenous people and rural producers to protect forests.

But Sampaio said the funding represents less than 2% of what the state expects to earn through >

the nascent market for jurisdictional REDD+ projects compliant with the Paris Agreement, so it is exploring opportunities for funding through the private sector.

“The hardest part of the jurisdictional approach is how companies can engage,” he says. “We feel that many companies want to support jurisdictional initiatives, but are not sure how to do that. Our job is to offer that menu of possibilities on how to engage.”

The PCI has produced a “pitch book”, which lists projects across the state that are ripe for corporate support. They range from work in the soy-producing municipality of Querência, helping to promote forest restoration and strengthening technical assistance, to supporting the Xingu Seed Network, which is collecting seeds to help restore 6,000 hectares of degraded land across Mato Grosso. Other projects involve providing access to new markets for sustainable beef suppliers, and funding training so that more farmers can become certified through the Round Table on Responsible Soy (RTRS). (See [Tendrils of hope amid escalating soy deforestation in Brazil](#))

A key element of PCI’s work in Querência is to work with farms that have been embargoed because of previous issues with deforestation, says Sampaio, and introduce new rules around compliance and allow them to re-enter the market. “You can’t build a positive future on sanctions alone,” says Sampaio.

While blacklisting a farm may tick the box for companies whose customers are demanding sustainable, deforestation-free products, he says, “you are not solving the problem, deforestation is still there... you are excluding a lot of people from the supply chain... [but] these people still need an income and they are going to find a way to make their living.”

Despite being by far the most important Brazilian state in terms of agribusiness, and home to more than 100,000 smallholders, Mato Grosso is still a net importer of basic food stuffs such as fruit and beans, explains Guimarães.



RICARDO MORAES/REUTERS

The inclusive element of the PCI is setting out to change this, and there is an opportunity for companies to provide technical assistance and credit: “So this huge community of smallholders begins to be incorporated into the state economy,” he says.

It’s a strategy that dovetails with the fact that Mato Grosso is one of the only states in Brazil to have a state-level policy for family agriculture, developed by IPAM, that aims to bring smallholders into the economic fold.

Sampaio is also keen to create a new bio-economy that uses forest products such as brazil nuts in a way that can be developed without deforestation.

“What we want them [companies] to understand is that Mato Grosso has a strategy, has a plan, has targets,” he says. “We are making progress, so they understand that if they help us on this pathway, it is going to be good for their business in the future.”

And while Mato Grosso is still far from achieving its zero-deforestation aims, Sampaio says there will be much more progress this year.

Last August, with funding from the REDD+ Early Mover Programme, the state acquired Planet’s Satellite Image Monitoring Platform. The platform provides images from more than 120 satellites, available with three-metre spatial resolution and covering the entire territory of the state.

Crossing the information of deforestation from the satellites with the CAR (Rural Environmental Registry) also allows the state to make landowners accountable for deforestation.

“We have reasons to be optimistic about what is going on here,” says Sampaio. “At some point we are going to have Mato Grosso with no deforestation.” ■



We want companies to understand that Mato Grosso has a strategy, has a plan, has targets. We are making progress



GREEN BOND TO FINANCE DEFORESTATION-FREE SOY PRODUCTION

CARLOS M. GELLI YAZILLE/SHUTTERSTOCK

One innovative approach to incentivising sustainable soy production in the Cerrado is the Responsible Commodities Facility, a green bond that will begin trading on the London Stock Exchange later this summer.

While the current practice is to clear forests for soy cultivation, it's estimated that in the Cerrado alone there are 18m hectares of degraded land that could be used instead, which is three times more than the sector will need to expand over the next decade.

By incentivising farmers to grow soy on degraded cattle pasture, the RCF will help to reduce carbon emissions and promote environmental laws such as Brazil's Forest Code. Where this approach has stalled in the past is amid arguments about how it should be funded.

The RCF will offer crop financing and land restoration loans to farmers that combine lower interest rates and longer repayment terms.

It's hoped the financing will reach over 600 medium-sized farms and amount to \$3bn over

the next 10 years. This, in turn, could facilitate the harvesting of over £20bn worth of soy and corn without deforestation of the Cerrado, with the potential to restore 1.2 million hectares of degraded land, helping to avoid and sequester up to 55 million tonnes of emissions.

Farmers will be vetted and screened before being eligible for funds. Importantly, they must also give up their right to legally deforest their land.

There will also be strict monitoring of production and the supply chain, and the commodities produced will be sold on international markets through a dedicated selling platform linked to a blockchain registry.

The fund will be run by the fund management company Sustainable Investment Management (SIM Finance). According to chief operating officer Mauricio Moura Costa, it will operate around blended finance, mixing finance from international agencies with private finance and impact investment. ■

Mark Hillsdon

Mato Grosso's plan to double beef productivity in bid to curb deforestation



ALF RIBEIRO/SHUTTERSTOCK

Mark Hillsdon reports on a €3.5m joint venture between the Sustainable Trade Initiative and the Carrefour Foundation that has the potential to restore 150,000ha of tropical rainforest

 [VIEW ONLINE](#)





BRUNO KELLY/REUTERS

In Brazil, the sixth most populous country in the world, there are more cattle than people. Beef production remains one of the country’s most important industries, and in 2019 exports reached nearly \$7.5bn. But beef is also the commodity that is most likely to be the cause of deforestation, with Yale’s Global Forest Atlas laying 80% of all Amazonian deforestation at the feet of the industry.

Much of it is inefficient too, with poor farming techniques allowing cattle to roam unchecked over vast tracts of land, with little fencing or management of pasture. So while in a country such as the Netherlands there are around four cows to every hectare, in Brazil it is just one, a figure that the industry is now looking to double.

“Livestock production in Brazil is quite complex; it is totally decentralised, it’s spread over very extensive territories,” says Paulo Pianez, director of sustainability at Marfrig, the Brazilian-based food processor and second-largest beef producer in the world.

Beef production is made up of three key stages, explains Pianez; the breeding, the raising and the preparation for slaughter. Big producers with technical and agricultural know-how, as well as big budgets, dominate the second two phases, he explains. “It’s the early stage where the problems lie,” he says, with around 1.8 million separate, often

relatively small and unproductive farms involved in calf production across Brazil.

Addressing this phase of the industry is the thinking behind the Sustainable Production of Calves programme, which aims to transform calf supply across the Brazilian state of Mato Grosso by intensifying production, improving the genetics of the animals as well as the pasture and overall farm management.

The programme is a €3.5m joint venture between the Sustainable Trade Initiative (IDH) and the Carrefour Foundation, and is working with over 450 smallholder calf producers across 258,000 hectares in Mato Grosso’s Juruena and Araguaia valleys, with the potential to protect and restore over 150,000ha of tropical rainforest.

The programme, which is also supported by the Mato Grosso state government as part of its Produce, Conserve and Include (PCI) strategy, will look to increase profits for calf producers while promoting better farming and agricultural practice.

This will include support to intensify cattle ranching and restore degraded pasture land, helping to accelerate economic development in the area without the need to clear more forests. It will also provide smallholders with technical assistance, access to credit and support complying with the Forest Code.

IDH’s global landscape director Daan Wensing, explains that halving the amount of land used for cattle ranching would “free up millions of hectares for agricultural production, and halve the major driver of deforestation and land degradation in Brazil.”

In August last year, Marfrig signed a memorandum of understanding with IDH that will help to give >

PAULO WHITAKER/REUTERS



Brazilian-based Marfrig is the second-largest beef producer in the world.

scale to the solutions that are being piloted by the calves’ programme. The company issued a \$500m sustainable transition bond to invest in purchasing cattle from the Amazon biome over the next decade, with the explicit aim for reaching out to calf producers.

“The small producers don’t have the technical expertise to improve the pasture, they don’t know how to produce without suppression of native vegetation,” says Pianez. “We have to help these producers to produce in a sustainable way.”

The partnership with IDH will focus on three fronts, says Pianez: developing a network of partners to provide technical support to cattle producers, financial mechanisms to help producers implement best industry practices, and new tracking systems.

Pianez points out that when the finishing farmers purchase calves from producers, it is very difficult to keep track of provenance, often because there is a dealer acting as a go between.

What’s needed is a full traceability system, something that is funded and implemented by a partnership of business, civil society and, crucially, the government. It’s something that last year wouldn’t have seemed possible, he concedes, but now he senses change.

“I think that for this year the government speech and the government action is going to be a little bit different ... because last year the government’s speech was terrible,” he says. He says the agriculture minister, Tereza Cristina, has been coming under a lot of pressure from her international counterparts. “[She] is travelling round the world, and everybody is talking about

the needs of Brazil to develop this kind of traceability,” says Pianez.

Several other beef related programmes also operate under the Mato Gross PCI. Pecsá (Amazon Sustainable Cattle Ranching) was the first cattle company in Latin America to be certified as a B Corporation and since 2015 it has been working to make livestock farming more sustainable. This has included introducing innovative farming technology and practices, as well as increasing farmers’ access to financial resources and markets for sustainable products.

The Canivete project, which covers both beef and milk and is run by local business Nutripura, is focused on increasing production through improved animal nutrition and pasture management, while the Araguaia’s League is a movement made up of 63 farms where there is now zero illegal deforestation.

Launched in 2014, it has also introduced a low carbon beef project, deploying agricultural techniques designed to cut farms’ carbon footprints and which has resulted in the avoidance of 580,000 tons of CO₂ equivalent.

“You can really see that the sector is moving towards thinking about sustainability and how to address it,” says Wensing. “They see the business case for it. There is pressure from the market, they see it for themselves that this is the way that is needed for the sector.

Pianez agrees. “It’s totally possible to have sustainable livestock in Brazil. We can improve and increase our production without the suppression of one tree, but we have to have some technical assistance [especially] in the first phase of the production... that’s the challenge we have in Brazil.” ■





THIERRY GOUEGNON/REUTERS

Extreme poverty 'still fuelling deforestation in West Africa'

Terry Slavin reports on how the cocoa industry's promises to raise incomes and make farmers more productive in Ghana and Côte D'Ivoire have not yet resulted in lower deforestation risk

 [VIEW ONLINE](#)





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Deforestation in west Africa is driving species like chimpanzees to the brink of extinction

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ore than two years since the cocoa industry signed the groundbreaking [Cocoa & Forests Initiative](#) (CFI) with the governments of Ghana and Côte D’Ivoire, deforestation-free chocolate is still elusive, according to new research from the NGO Mighty Earth and by Lumina Intelligence.

Despite 34 companies, accounting for 85% of global cocoa usage, signing up to the CFI since its launch at the COP24 climate summit in Bonn in 2017, deforestation has persisted in the two west African countries, which produce 62% of the world’s cocoa, something conservationists say is driving species like forest elephants and chimpanzees to the brink of extinction.

Côte d’Ivoire has lost approximately 90% of its forests due to cocoa cultivation since independence, according to NGO Mighty Earth. The country’s

remaining forest lies in national parks and 18 forest reserves, but one study in 2014 found that 74% of nominally protected forest had illegally been converted into cocoa plantations.

A World Bank report in 2017 highlighted how extreme poverty forces farmers to plant in protected areas amid declining yields from aging cocoa trees, lack of good agricultural practices, and shrinking suitable land area due to climate change – something that the governments of Côte d’Ivoire and Ghana had turned a blind eye to until the CFI was signed.

According to Mighty Earth, the picture has not really improved in the past two years. Mapping by the NGO in the cocoa heartland of Côte d’Ivoire’s south west in 2018 found 13,748ha of forest loss, equivalent to 15,000 football fields, not much less than the 21,000 football fields recorded in 2017 and more than the 13,000 football fields of forest lost in 2016.

Oliver Nieburg, author of a 109-page report “Life on land: Halting cocoa-driven deforestation” for Lumina Intelligence, said the 2017 agreement, brokered by the Sustainable Trade Initiative (IDH), and the World Cocoa Federation, was a huge >

step forward in that it brought companies into collaboration with the governments of Côte D'Ivoire and Ghana.

It also prompted them to move beyond due diligence approaches of certification to setting time-bound targets to reduce deforestation risk, with programmes to increase farmer incomes and productivity by growing more cocoa on less land, and introduce regenerative agroforestry methods.

The report highlighted success that Olam has had with its “one farmer, one acre” approach in Ghana, where the company sends local “pruning teams” into cocoa communities to prune a single acre of neglected cocoa trees, resulting in trees that are more productive, and setting a positive example for neighbouring cocoa farmers. According to Olam, the 7,400 farmers that have taken part have typically seen a 50% increase in yields per hectare, generating some \$900 increased revenue to bolster family incomes.

But according to the Lumina report agroforestry programmes miss out 94% of the entire cocoa area in Côte D'Ivoire. High cost and slow payback are the biggest barriers, according to the report, as it typically costs more than \$1,000 per ha to move from monoculture cocoa to agroforestry, and five to 10 years for the new system to contribute meaningfully to farmer income.

“Every sustainability project and programme I've seen on cocoa over the past 10 years has aimed to increase farmer incomes by growing more cocoa on less land, but I've seen very, very few actually prove they can do it at scale,” Nieburg said.



Côte d'Ivoire and Ghana produce 62% of the world's cocoa.

THIERRY GOUEGNON/REUTERS



Etelle Higonnet of NGO Mighty Earth.

“So many farmers are so far below the poverty line, even if they are being trained in good agricultural practices and are being offered support and financial products, not everyone one will be able to take up those options.”

And he said even within individual company supply chains, sustainability commitments only cover a portion of their supply, with 40% of the volumes of cocoa sourced in Côte D'Ivoire falling outside such commitments, allowing cocoa from deforested areas to be laundered via the mass balance system.

“We've seen that deforestation has continued and I believe we should judge [the CFI's] impact by final results on the ground,” Nieberg said. “A lot of it is companies are working within their own supply chains rather than with their competitors at a broader landscape level.”

JOINT MONITORING MECHANISMS

Etelle Higonnet of Mighty Earth agreed, telling Ethical Corporation that the Cocoa & Forests Initiative “has helped move mentalities and mindsets of individual companies, but it hasn't brought about the revolutionary change needed to end deforestation.”

One big concern is that while companies have invested in their own traceability mechanisms to get a handle on their cocoa supply chains, the CFI has not yet fulfilled its promise to bring in a satellite-based monitoring system publicly available for all stakeholders to measure and monitor progress on the overall deforestation target. >



The Cocoa & Forests Initiative has helped move mindsets of individual companies, but it hasn't brought about the revolutionary change needed to end deforestation



THIERRY GOUEGNON/REUTERS

“It’s not until you do a joint [monitoring] mechanism that you can save a lot of money and respond robustly to [deforestation] alerts as they happen on the ground.”

She is highly critical of Rainforest Alliance, which last year merged with the Dutch certifier UTZ, and accounts for two-thirds of the world’s supply of certified cocoa.

In January, in the absence of a joint monitoring system, Mighty Earth published its [Cocoa Accountability Map](#), an interactive map and integrated database covering nearly 5,000 co-ops in Côte d’Ivoire, using lists of co-ops certified by Rainforest Alliance/UTZ and Fairtrade, as well as those supplying six cocoa companies, including Hershey’s, Lindt, Nestlé, and Valrhona.

This data formed the basis of an [article in The Washington Post](#) last October, which quoted an UTZ spokesperson as confirming that more than 4,900 farms certified by Rainforest Alliance/UTZ had been found to be illegally located inside nationally protected forests in Côte d’Ivoire, and that “significant problems” had been found at four firms responsible for auditing most of the certified farms in Côte d’Ivoire.

As well as certifying co-ops that are in protected areas and national parks, Higonet said, “a lot of Rainforest Alliance [certified] co-operatives are

located right next to [land that has been newly deforested] in the last two years.”

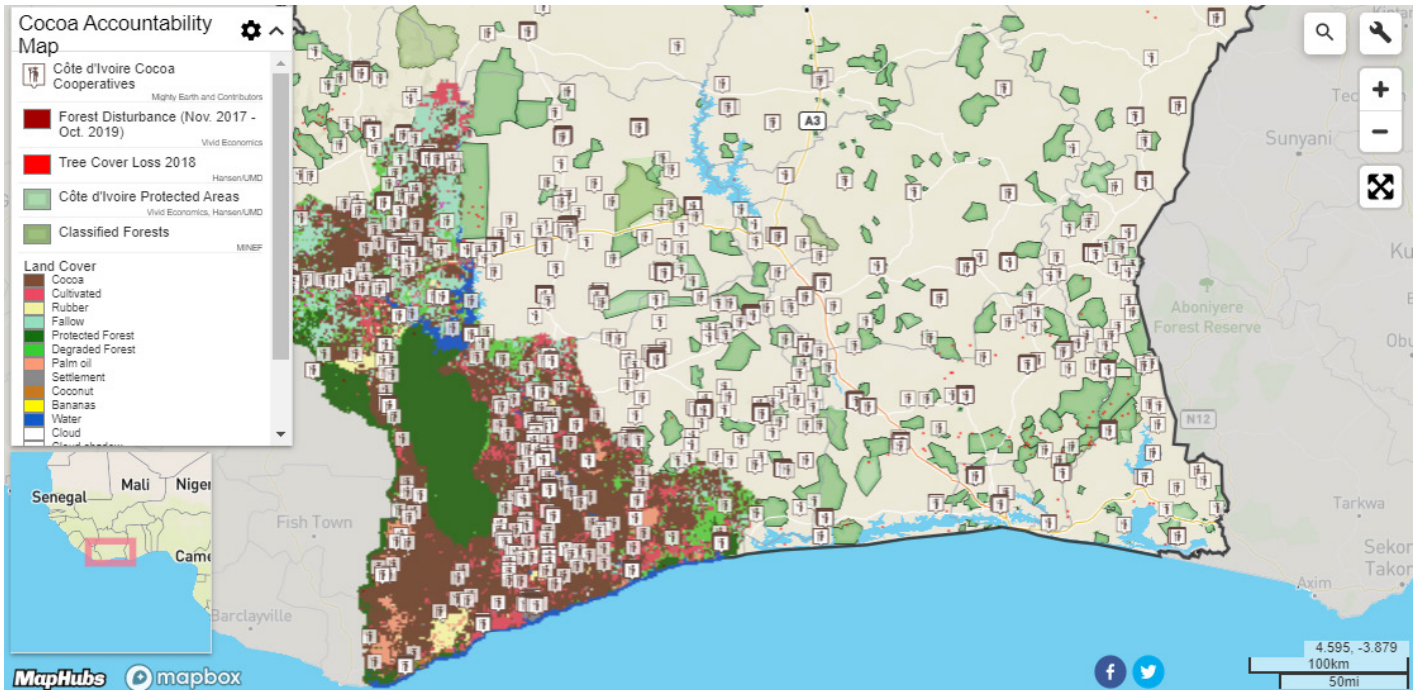
Questioned by Ethical Corporation about the Washington Post report, Rainforest Alliance’s CEO Han de Groot said in an email: “We welcome inputs such as this as they help inform our continued efforts to improve conditions on certified farms and plantations in the 60 countries where we work. We believe we have a shared responsibility, along with other actors in the global supply chain, to help bring more sustainability to the cocoa sector in West Africa.”

He said Rainforest Alliance had done its own risks analysis in Côte d’Ivoire in 2018, which identified 61 high-risk certified groups, of which only nine received a renewed certificate for the current season.

Four auditing firms (AfriCert, Bureau Norme Audit, Bureau Veritas and Control Union) were reprimanded, while two were prohibited from conducting certification audits or certifying any new clients.

Last April, Rainforest Alliance launched a [Cocoa Assurance Plan](#), which includes a one-year pause on any new cocoa certifications in Ghana and Côte d’Ivoire, the de-certification of select certificate holders, and additional measures including increased and periodic unannounced audits. >

A woman walks past a banner for the Coffee and Cocoa Council in Côte d’Ivoire.



MIGHTY EARTH

REIMAGINING CERTIFICATION

The controversy comes at a sensitive time for Rainforest Alliance, which this summer is planning to launch a new certification standard, completing the integration of Rainforest Alliance and UTZ, which merged under the Rainforest Alliance brand two years ago.

In an interview with Ethical Corporation last October, ahead of the Washington Post report, Han de Groot readily agreed the limits of certification in addressing the many causes of deforestation, but said: “We are reimagining certification and trying to take it to a higher level.”

Under the new system there will be increased investment in oversight and training for auditors, and the use of new technology, like satellite imagery

and geospatial analysis, to identify risk areas for deforestation.

Farmers will be given access to the data they need to improve their practices, while a new Chain of Custody Standard will encourage companies to invest in more sustainable production.

One aim of the new “beyond certification” approach in cocoa is to replicate success Rainforest Alliance had in reducing deforestation in the Maya Biosphere Reserve in Guatemala, where the introduction of community-based forestry and harvesting of non-timber products led to lower deforestation rates than in areas that were supposedly completely protected.

De Groot said RA has been [working with cocoa farming co-operatives](#) in western Ghana to introduce agroforestry methods, but one big challenge was lack of clarity over where agroforestry is permitted, with the governments of Côte d’Ivoire and Ghana yet to issue redrawn maps.

But Higonnet is also critical of Rainforest Alliance’s failure to pay premiums for cocoa that are high enough to lift cocoa farmers out of extreme poverty, something she said contributes to the high incidence of child labour. A report last year by Tulane University and the Walk Free Foundation found 2.1 million children between ages five and 17 working in cocoa production in Côte d’Ivoire and Ghana, almost all of them doing hazardous work.

According to Lumina, cocoa farmers in Côte d’Ivoire are earning \$1.31 per day, well below the >

Mighty Earth’s Cocoa Accountability Map covers nearly 5,000 co-ops in Côte d’Ivoire.



At Rainforest Alliance we are reimagining certification and trying to take it to a higher level

IAN JONES PHOTOGRAPHY



FRANCIS KOKOROKO/REUTERS



UN's \$1.90 definition of extreme poverty, with a quarter of that coming from non-cocoa sources. Certification by Rainforest Alliance and Fairtrade lift incomes, but only marginally. Although Rainforest Alliance and UTZ don't publish premiums, farmers whose cocoa was certified by those schemes earn on average \$1.40 a day in the current season, while farmers certified by Fairtrade, which pays a global fixed premium for cocoa of \$240 per metric ton, earn \$1.54 a day.

From October, farmers in Côte d'Ivoire and Ghana will get a Living Income Differential of \$400 per tonne that will see Fairtrade-certified farmers rise above the poverty line to \$1.98, but leave Rainforest Alliance-certified farmers below the line at \$1.83, only eight cents more than farmers earning no premium at all.

Mighty Earth and other campaigners are pushing for Rainforest Alliance to join Fairtrade in setting a global cocoa premium, saying this would be "hugely helpful" in emboldening other cocoa-producing countries such as Cameroon, Nigeria, Ecuador, Peru and Costa Rica, which are fearful of losing business if they follow the lead of Côte d'Ivoire and Ghana in setting higher cocoa prices.

"As they [Rainforest Alliance] go, so does the entire cocoa industry."

Higonnet said that last month NGOs cancelled a meeting they had called with Rainforest

Chocolate companies and ministers from Ghana and Côte D'Ivoire reach agreement to jointly address deforestation at a 2017 meeting in London hosted by Prince Charles, pictured on a visit to a cocoa-growing community in Ghana in 2018.



If at the core you aren't paying people a price where they can earn a living income then you are certifying quasi-modern slavery

Alliance after it refused to meet with one of the group, Terry Collingsworth, executive director of IRAdvocates, which [has filed lawsuits](#) against Nestlé and Cargill alleging use of child labour in cocoa plantations in Mali and Côte d'Ivoire. Asked in an email about the cancelled meeting, a Rainforest Alliance spokesperson said: "It was not possible to come to an agreement with all NGOs involved in the proposed meetings in order to ensure a collaborative and open space for discussion at that time. However we remain hopeful that we will hold a broad NGO meeting in the short term."

Asked about Mighty Earth's demand for Rainforest Alliance to set a global floor price for cocoa, De Groot said: "We are looking at our position regarding a sustainability differential to cocoa farmers [which would be applied globally] and will be sharing our position in the coming months before the launch of the new standard."

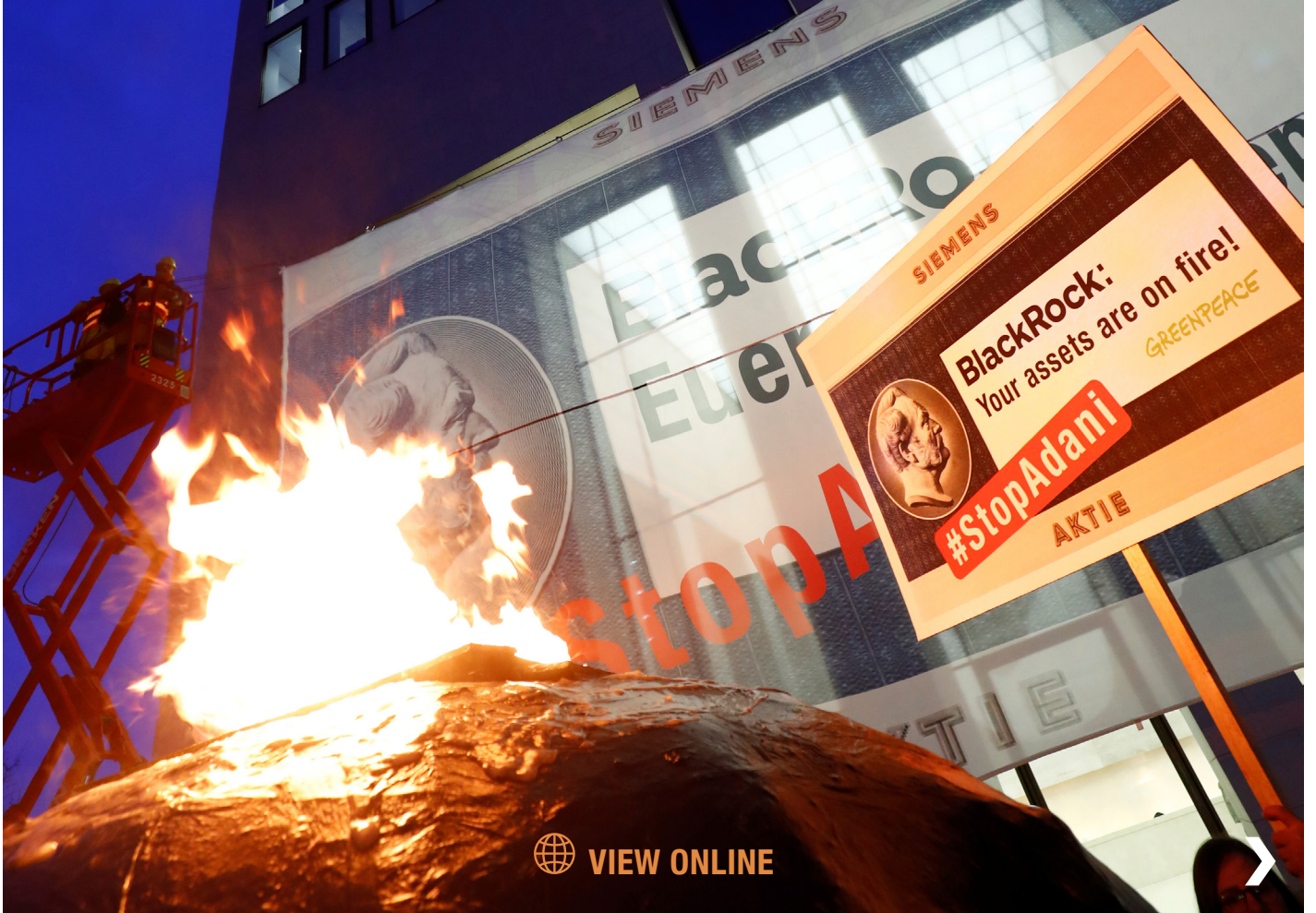
Higonnet said the acid test of Rainforest Alliance's new approach would be its willingness to lift cocoa farmers' incomes. "Without a global floor price [for cocoa] a lot of what they are getting ready to announce is just greenwash. They might be nice, but if at the core you aren't paying people a price where they can earn a living income then you are certifying quasi-modern slavery, and that is not OK." ■



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'FIDDLING WHILE FORESTS BURN'

New reports from Forest 500 and CDP point to a big gap between rhetoric and action when it comes to addressing escalating forest loss. *Mark Hillsdon and Terry Slavin report*



 [VIEW ONLINE](#)



As investors, who have a duty to act in the best long-term interests of beneficiaries, we recognise the crucial role tropical forests play

From the rise of green bonds and sustainable finance, to consumer pressure forcing companies to look at compliance along their entire supply chain, in theory at least, it's never been easier to invest in a company, confident that it is deforestation-free.

The reality, however, is somewhat different, with hundreds of the world's largest companies – and the institutions that finance them – failing to take the lead on disclosure of their environmental impacts.

Last September, as a response to the Amazon fires, 230 institutional investors representing \$16.2tn in assets called on global companies to take urgent action. “As investors, who have a fiduciary duty to act in the best long-term interests of our beneficiaries, we recognise the crucial role that tropical forests play in tackling climate change, protecting biodiversity and ensuring ecosystem services... and see the reduction of deforestation as a key solution to managing these risks and contributing to efficient and sustainable financial markets in the longer term,” ran the statement.

The financial institutions were pushing the companies in which they invest, from retailers to commodity traders, to come clean on deforestation and ramp up their commitments. Fine words but also words unmatched by similar fine deeds, according to a new report from Global Canopy.

The [Forest 500 annual report](#) seeks to hold to account 350 companies that produce, trade, use or sell the largest amounts of six key commodities – palm oil, soy, beef, leather, timber, and pulp and paper – as well as the 150 biggest institutions that finance them.

The report ranks the strength and implementation of their commitments on deforestation based on publicly available information. Yet of the 14 financial companies that signed the Amazon fires statement, and which were also assessed in Forest 500, seven had no public policy on deforestation.

In total, the report showed that 102 (68%) of the financial institutions that were assessed had no deforestation policies, among them four of the world's five biggest asset managers, BlackRock, Vanguard, State Street and Fidelity Investments, with a combined \$17.6tn of assets under management.

In other words, says the report's author Sarah Rogerson, most of the financial institutions that fund the Forest 500 companies don't publicly >

As a response to the Amazon fires, 230 institutional investors have called on global companies to take urgent action.

SK HASAN ALI/SHUTTERSTOCK



recognise that their investments may drive deforestation and so contribute to climate change.

“It’s still surprising that there’s so many big companies out there making claims on sustainability” but not following through, she says. “We have BlackRock, who are a huge stakeholder in many large companies, making statements on climate change and yet scored only four out of 100 in our assessment.”

DOUBLE STANDARDS

The original statement was drafted by non-profit organisations the Principles for Responsible Investment (PRI) and Ceres, with many of the signatories also part of the Investor Initiative for Sustainable Forests (IISF), which is working to eliminate deforestation from soy and cattle supply chains.

PRI’s chief executive Fiona Reynolds is frustrated that many signatories have failed to get their own houses in order. “I’m not pretending it’s easy ... but we can’t on the one hand be saying one thing and [then] acting the other way”

She says a key aim of the statement was to show companies what they should be reporting on, what



It’s still surprising that there’s so many big companies making claims on sustainability but not following through

good looks like in compliance, even how to define deforestation.

“We’re not really seeing the change in practice that we would like and we’re not really seeing some of these things happen with the urgency that they deserve,” she says. “Investors are engaging with companies, but it does take a long time and it takes a lot of commitment to bring about change.”

Companies now have more tools with which >

The Forest 500 report seeks to hold to account 350 companies in six key commodities, including leather.



GARGANTIOPA/SHUTTERSTOCK

GRAND WARSZAWSKI/SHUTTERSTOCK

McDonald's and Starbucks were some of the poorest performers in CDP's latest deforestation risk assessment.



It is absolutely crucial that investors use all the tools they have available to them to drive change

to deal with investors' requests for information on deforestation, including satellite monitoring, Reynolds says.

"Once the investors do know, then it is absolutely crucial that they use all the tools that they have available to them... to drive change and make sure the company is working to eliminate deforestation from their operations."

One of the ways investors track deforestation risk is through [CDP](#), which invites companies to report on their risk in the four forest commodities of palm oil, soy, beef and timber products every year, and scores them A to F based on their response. It is a different approach to Forest 500, which uses only publicly available information in its grading.

"We have seen a very exciting increase in investor awareness [about deforestation and biodiversity] in the last 12-18 months, with investors coming to us and asking: 'what should we be asking our portfolio companies, what action should we be incentivising?'" says Morgan Gillespy, global director of forests at CDP.

Unfortunately, such interest is not matched by corporates. In 2019, only 542 of 1,823 companies responded to CDP's invitation to report on deforestation risk, a far poorer response rate than for climate and water, the other two risk areas that CDP tracks, Gillespy said.

Of these, only eight scored A grades for forests: Danone, Firmenich, Fuji Oil Holdings, HP, L'Oréal, Tetra Pak, Unilever and UPM-Kymmene, demonstrating leadership in taking action on the three key areas of certification, traceability and engaging suppliers

"Companies are still struggling with awareness of how deforestation risk materialises in their business," says Gillespy.

According to CDP's [No Wood for the Trees](#) report last year, corporate disclosure is greatest in palm oil, but lags for cattle and soy, although the impact of the latter two commodities on deforestation is greater, with cattle 400 times and soybean oil 8.2 times more land-intensive than palm oil.

McDonald's, Starbucks and Sumitomo Rubber were some of the poorest performers in CDP's latest assessment. All got Ds across the board in each category of palm oil, cattle, soy and timber. (Forest 500 gave McDonald's 47% and Starbucks 25% but did not score Sumitomo Rubber)

Gillespy said companies achieved a D if they simply answered every question, a C if they showed early-stage awareness of risk, a B if they >



With 70% of companies not reporting, it feels unfair to call out one or two. It's a problem for the whole sector

were managing those risks, and an A if they could demonstrate leadership.

And some simply choose not to report, including Nestlé, which was third-highest scorer in the Forest 500 assessment at 70%, and Procter & Gamble, which achieved 55% in Forest 500. Another non-reporter was privately held IKEA, which scored 48% on Forest 500.

“With 70% of companies not reporting, sometimes

it feels unfair to call out one or two of them,” Gillespy said. “It’s a problem for the whole sector.”

But she said investor pressure to come clean on deforestation risk is building, particularly in the run-up to the biodiversity COP in Kunming, China, in October, with BNP Paribas and Axa Investment Managers among those institutions showing greatest interest.

And while investors have until now focused on deforestation risk in soy, palm oil and beef, unsustainable levels of timber extraction could become of increasing concern [as energy companies turn to biomass](#) as a substitute for fossil fuels to meet zero-emissions commitments, with biomass already the biggest source of renewable energy in the EU.

“Drax in the UK has been a leader in using biomass as a waste product of timber [as a substitute for coal] but what happens [to forests] if everyone takes this approach?” Gillespy asks.

Until now deforestation risk has been treated separately from climate risk by NGOs, companies and within the UN climate negotiation process, she said, but in the run-up to COP26 in Glasgow “the coming together of the emissions discussion and the deforestation discussions are going to have to happen”. ■

CDP’s report found that corporate disclosure on deforestation risk is greatest in palm oil.





NIKITIN VICTORY/SHUTTERSTOCK

Is FSC worth the paper it's printed on?

Angeli Mehta reports on pressures to reform the forests certification scheme amid declining take-up and concerns about credibility in countries like Russia

 [VIEW ONLINE](#)



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In Guatemala's Maya Biosphere Reserve communities are supported to gain FSC certification.

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hat difference do certifications make in the forest sector? The short answer is that it's hard to tell. And that should be cause for concern.

Several schemes exist, but the most rigorous of these is considered to be that run by the Forest Stewardship Council, formed in 1993 after the previous year's Rio Earth Summit.

Simon Counsell, until recently executive director at the Rainforest Foundation UK, was involved at the FSC's inception and has been a close observer ever since. He suggests there were several problems apparent from the outset.

"The whole idea was to provide a market advantage for community-based forestry that genuinely is operating sustainably, and give them an advantage over big industrial companies," he said. But "you need to pay to do the types of



NACHO DOCE/REUTERS

In the Amazon there is very little incentive to certify, enabling illegal logging to thrive.

sensitive forestry that need to be done – and it proved impossible to get a market premium for FSC products."

Companies harvesting or using forest products in their supply chain can apply to be independently certified by the FSC, a stamp of approval that should give consumers the confidence that the products they're buying come from sustainably managed forests and have been tracked through a >



There is a race to the bottom in terms of the rigour of the audits they carry out

properly documented supply chain. The FSC says its processes impact more than 32,000 companies and almost 200 million hectares of forest globally.

The FSC itself doesn't carry out audits; that is done by certification assessment bodies, of which there are more than 80. Companies pay them to conduct an audit, and these certifiers compete with each other for the business of the companies that want to be certified.

“What this results in is a race to the bottom in terms of the rigour of the audits they carry out: the more lenient and lax they are of non-compliance or the failures of clients, the more likely they are to get ongoing business,” asserts Counsell.

He doesn't think the FSC plays a strong enough role in regulating the auditors. “Several years ago

we proposed inverting the whole process, so all audit requests go through the FSC.” Certification bodies would be invited to tender, with the most rigorous chosen. Counsell says the FSC's reply was that it was “too difficult and too complicated”.

Such are Counsell's concerns that he set up the website [FSC-Watch](#).

Walter Smith, a former auditor with the Rainforest Alliance, says that while he doesn't think there is “overt bias” in certification bodies evaluating companies against FSC standards, “the economic pressure to get and keep clients is a factor that can lead to bias.” And he discovered in his career that large companies can take legal action against certifying bodies if they threaten to suspend them.

In an interview with Ethical Corporation, FSC director general Kim Carstensen defended the auditing process. “We have a control system that works – since 2018 we have suspended over 3,600 certificates” and six companies are currently disassociated. Most of them, he asserts, want to get their certified status back.

“But I do agree we need to maintain a rigorous watch over these things”, he said, adding that credibility is a “live issue”. >

Later this year, the FSC will unveil to members the findings of an independent study on the risks and threats to the credibility of the auditing process. Carstensen says it will consider ideas for reform, such as limiting the length of time a company can use the same auditing body; sending different auditors on each visit; and even including foreign nationals on auditing teams as they are less likely to be intimidated by the threat of legal action over their findings.

One big problem is that while the FSC was originally intended to operate in the tropics today 88% of the forest it certifies lies in the northern hemisphere.

Jos Barlow is a professor of conservation science at Lancaster University who researches how fires and selective logging influence forest recovery in Brazil. He suggests that the “FSC is stuck between a rock and hard place. If it’s too stringent no one will do it.”

The situation is particularly challenging in the Amazon, he says, where there’s “so much illegal logging and so little incentive”.

“What you need is national crackdown on illegal logging that would increase prices for timber, which would make certification worthwhile.” In turn, he adds, communities would have to be empowered to manage the profits from their logging operations.

Carstensen does want the FSC to become more relevant in tropical forests – for example, building on the success of Guatemala’s Maya Biosphere Reserve. Here, nine communities – given forestry concessions by the government and supported by the Rainforest Alliance to gain FSC certification for timber extraction – can pride themselves on a [near zero-deforestation rate](#) and very few fires over the past 16 years.



Russia’s northern taiga is home to more than 60 rare species, including the European eagle owl.

JAN BROZ/SHUTTERSTOCK



BUDIMIR JEVTIC/SHUTTERSTOCK



If forest land is used in a beneficial way it’s much more likely the area will be better protected

The market for sustainable timber accounts for less than 50% of EU-sourced tropical timber.

That’s in stark contrast to national parks that are supposedly completely protected. Moreover, the concessions have generated income and jobs. The FSC has proposed to neighbouring governments that they spread that experience to other parts of the remaining forest in Guatemala, Costa Rica and Panama.

COLLABORATION IS THE KEY

The crucial ingredients for success are government support and collaboration with communities and environmental NGOs. “What we see,” adds Carstensen, “is that if forest land is used in a beneficial way it’s much more likely the area will be better protected. If the area doesn’t provide value, it’s likely someone will take it.” >



IDH, the Sustainable Trade Initiative, has been a big force behind helping companies and concessions to achieve FSC certification in tropical countries. But it has decided to pull back from that work.

One reason is the failure of certification to bring smallholder farmers on board in tropical countries, says programme manager Nienka Sleurik.

“The business case [for smallholders] was already horribly weak, but the FSC’s rules to protect intact forest landscapes (IFLs) seem to have made it worse”.

The FSC defines IFLs as “the last remaining large unfragmented forest areas, undisturbed by roads or other industrial infrastructure, in which there has been no industrial harvesting in the past 30-50 years.”

While this policy is necessary to protect northern forests, it is problematic in tropical countries, where much of the deforestation is due to competing pressure to convert land for agriculture, and smallholders need to be part of the solution to protecting forests.

Indeed a [recent analysis](#) of approved concessionary logging areas in the Congo revealed greater loss of IFL in certified than in non-certified concessions.

IDH is now taking a more holistic, landscape approach. (See [Fighting fire with incomes as focus](#)



FSC encourages harvesting of non-timber forest products, such as nuts in the Maya Biosphere Reserve in Guatemala

[shifts to helping small farmers grow sustainable palm](#)) It’s also decided to engage more directly with producer countries, as just 29% of tropical timber coming into Europe is responsibly sourced.

It set up the European Sustainable Tropical Timber Coalition to increase the volume of sustainably managed tropical forests and to address the declining market for sustainable timber, which accounts for less than 50% of EU-sourced tropical timber.

That body calculates that if the entire EU sourced only certified sustainable tropical timber, 16m hectares of forest could be positively impacted, and that “based on the assumption that certification will prevent premature re-entry logging, the EU trade in certified tropical timber has the potential >

The FSC says clear-cutting of northern forests reproduces how nature manages them as they are frequently destroyed by fires.



EB ADVENTURE PHOTOGRAPHY/SHUTTERSTOCK

to mitigate 55 to 88 million metric tonnes of CO₂ a year”.

Are forests, regardless of their location, better for having certification? “There’s some evidence that social conditions are somewhat better; but the economic side is very ambiguous and the environment ambiguous at best,” suggests Counsell. “Where FSC works reasonably well is in countries where forestry is already highly regulated, for example the UK.”

NORTHERN FOREST DECLINE

A recent [Swedish study](#) suggested that neither certification by FSC nor its rival PEFC reduced forest degradation.

Last year, scientists in Germany published an [assessment](#) of forests in Russia, comparing a primary reference forest with one site managed with FSC certification and one managed without certification. They found equally high mounts of harvested timber – some 97% was extracted – together with large-scale clear-cutting that produced “significant structural and ecological changes in the forest ecosystem”.

The FSC does allow clear-cutting of up to 90%



Consumers buy the wood with the FSC label and believe they are doing something good for Russian forests. Unfortunately, we cannot confirm this

in northern forests dominated by coniferous trees, because it says this is similar to how nature manages them as they are frequently destroyed by forest fires or severe storms. (See [Move to set science-based targets for timber sector as threat to northern forests grows](#))

Pierre Ibisch, professor of nature conservation at Eberswalde University for Sustainable Development, who oversaw the Russian study, says: “The FSC-certified areas have spread rapidly in Russia. The reason is that the companies want to gain access to the European market. Consumers in Europe buy the wood with the FSC label and believe they are doing something good for the Russian forests. Unfortunately, we cannot confirm this with >



FSC will need to address climate change more directly, connecting forest stewardship to climate action

our case study. I think it is irresponsible that the destruction of Russia’s last great primeval forests is progressing under the guise of sustainability.” Carstensen thinks climate change is exacerbating the impact of clear-cutting, and says Ibisch’s findings are causing it to look again at the FSC Russia standard.

The FSC, he adds, is working on establishing moratoriums on extraction within IFLs. Last autumn, FSC-certified companies worked with the local government and NGOs to agree protection for 300,000 hectares of the Arkhangelsk region of Russia’s northern taiga, home to more than 60 species of rare plants and animals.

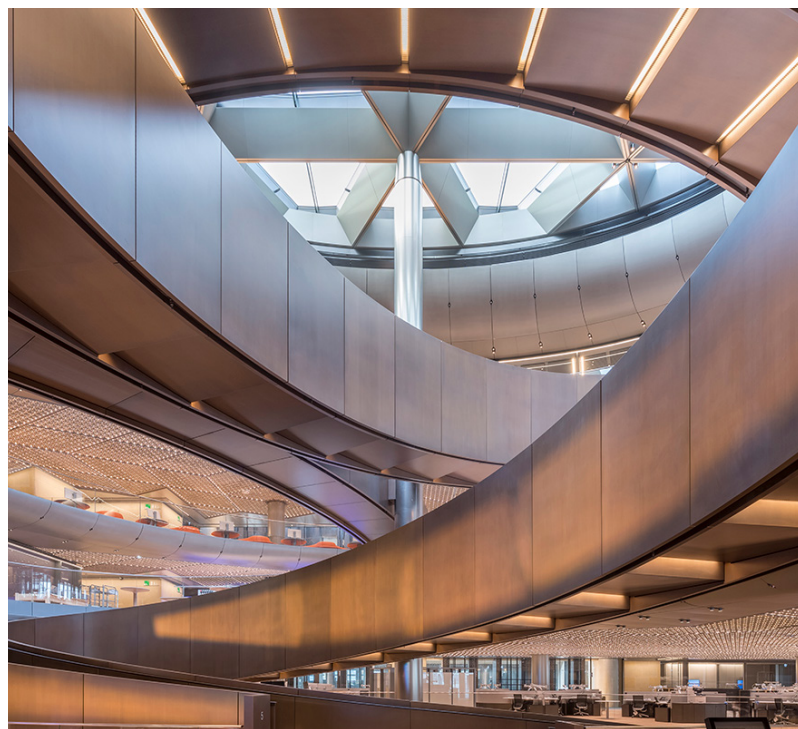
David Chaffin, who leads the forest and fibre programme at Kimberly-Clark, has worked previously with FSC US and The Nature Conservancy. He argues that the FSC has the most rigorous criteria for protecting at-risk species.

He says he’s seen “first-hand the environmental and social benefits that FSC can help deliver in the forest, and in indigenous communities that call many of those forests home.”

However, he said the certification standard faces two challenges in the next decade: “FSC – and any natural resource based-certification for that matter – will need to address climate change more directly, connecting forest stewardship to climate action. Additionally, as a market-based platform, consumer demand for FSC-certified products must increase, to help return the FSC-certified forest land base to a growth trajectory.”

The global area of certified forest declined for the first time in 2018, according to the Timber Trade Federation.

Carstensen acknowledges the lack of growth in forest certifications, but adds that the chain of



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Bloomberg’s London office: While forests are environmentally vital, timber is also a sustainable building material.

custody certifications grew 10% last year to reach over 41,000.

On climate change, he is palpably irked by what he sees as a polarisation of debate: “You either protect [forest] 100% or it doesn’t exist as forest any more.”

The FSC’s vision, he says, is that “as much as possible gets protected, and the rest is responsibly managed and used for logging or non-timber forest products, [like] nuts berries, mushrooms.”

He argues that degraded land could be used for timber plantations. “We need to protect forest, but we [also] need to replace plastics and concrete with renewable materials. Forests are our best defence against climate change, but the best producer of other goods.”

Resolving that dichotomy may well be key to the future of forests – and certification schemes. ■



Angeli Mehta is a former BBC current affairs producer, with a research PhD. She now writes about science, and has a particular interest in the environment and sustainability. [@AngeliMehta](#).



Northern California tree protesters take aim at FSC



Angeli Mehta reports on a community that is trying to prevent logging and use of herbicides in high conservation value forest

 [VIEW ONLINE](#)

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alter Smith was on the original Forestry Stewardship Council’s principles and criteria working group in the early 1990s, but an unfolding situation on his doorstep in northern California has forced him to confront some difficult questions.

“Why have we allowed ... a great and innovative idea to get so far away from the ideals and vision that started the whole thing,” he wrote in a blog post. “Why is the FSC (and other certification schemes) not evolving as new science emerges >



CRAIG R. CHANOWSKI/SHUTTERSTOCK

about climate change and the role forests play in mitigating it? It is not just the technical interpretation of the standards, but the spirit and meaning behind standards.”

What’s discomfited the former contract logger, certifier and auditor is the reaction to ongoing protests and complaints by members of his community in Mendocino County who are trying to prevent what they say is the logging of high conservation value (HCV) forest and a growing use of herbicides to destroy native standing trees, changing the biological make-up of the forest area.

Protests have led to arrests and charges against demonstrators.

The logging firm, Humboldt and Mendocino Redwood Companies (HRC), employs a technique called “hack and squirt” to kill native tanoaks, which it says compete with marketable Douglas firs for light, leaving the dead, dry specimens as a fire hazard.

Community members have been working for over 40 years to restore ecosystems in the Mattole river watershed. They argue that preserving the remaining old trees – of Douglas fir, oak and madrone – on land known as Rainbow Ridge will



TIM ZUFROWSKI/SHUTTERSTOCK

Rainbow Ridge is home to trees of ecological value, such as the madrone, and endangered species, including the marbled murrelet.

maintain an area of ecological value and provide a wildlife corridor from the redwood forests in the west to the Pacific coast. It is home to rare and endangered species such as the northern spotted owl, and marbled murrelet, explains campaigner Jane Lapiner.

The company that owns the forest is FSC-certified, so the community assumed it would address their concerns, especially as protection of the rights of communities is amongst the FSC principles. >

“I’m a licensed attorney and it’s a struggle for me to follow the [grievance] process,” says Nathan Madsen, a lawyer helping to steer the complaint in his spare time. “I have been engaged on forestry issues since the mid-1990s, and this is incredibly challenging to manoeuvre through.”

Since 2018, the complaints have charted a course back and forth between company and auditors and an oversight body, ASI. Meanwhile HRC has carried on logging and spraying chemicals, including glyphosate. The complainants would like to have seen the precautionary approach applied, as set out in the FSC’s principles.

“The area is already harvested, so complaint is a moot point. The process takes too long,” says Smith.

While a 2011 audit had judged HRC’s assessments of HCV forest to be inadequate, it took the complaint to trigger some action. Some 350 acres of HCV forest have been set aside, “but it’s temporary – they will review,” says Madsen. The company says it will reduce the use of herbicide, dependent on areas meeting criteria it has set. Lapiner complains the company’s definition of old-growth “may leave an old-growth tree here and another over there, but does not preserve the forest”.

One of HRC’s customers is US DIY store Home Depot, which advertises that it has supported sustainable forestry as a strategy and passion for over 25 years.

Ron Jarvis, vice president of environmental innovation, told Ethical Corporation that he had “walked the forest with the lead auditor to discuss the issues. ... I understand and appreciate the goal of the local community to have zero logging, regardless of the certification standard. Our goal is that if forests are going to be managed that they be harvested to the highest standards and always protect high conservation value forest. This was the premise for our latest standard of no wood from the Amazon or Congo basins,” unless FSC-certified, which he said is extremely hard to get.

Madsen disagrees with Home Depot’s assessment: “I appreciate his big-picture view, but this area is



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just not the place to make such a trade-off. Soon our values must shift and virgin forests will be held in such high regard they will never be logged again.”

However, he adds that he doesn’t want to see HRC lose FSC certification. “I want to see them honour it: I want to see them uphold FSC principles.”

In an interview with Ethical Corporation, Kim Carstensen, the FSC’s director general, said he’s aware of the controversy in the Mattole, but that “there are very different opinions” on each side.

Nevertheless, he accepted that the complaints procedure needs an overhaul. “We do hear that our complaints system is complicated and convoluted and takes a long time. We are looking at how to improve the procedures and performance of the system.”

In a separate statement, the FSC says the lands are being managed in accordance with its principles, and that “contrary to claims made by local activists, Humboldt Redwood Company is not harvesting trees, or otherwise adversely impacting areas, in their ownership that are classified and mapped as high conservation value forest, as defined by FSC.”

It added: “SCS Global Services’ audit teams have confirmed through field observations and other analyses that the company is not adversely impacting HCVFs in the Mattole watershed. This includes old growth, which FSC defines as a high conservation value. HRC is not harvesting old growth stands or individual old growth trees in the Mattole.”

That doesn’t wash with Smith, who says regardless of whether HRC’s approach to high conservation value forest is correct, “the FSC is ignoring that communities have an alternative perspective.” ■

“**Soon our values must shift and virgin forests will be held in such high regard they will never be logged again**”



ALAN BRYANT/SHUTTERSTOCK

‘Tackling deforestation key’ as UK looks to plough its own furrow post-Brexit

The Committee on Climate Change says reducing emissions from land use should be central to delivering the UK’s net-zero economy, reports [David Craik](#)

 [VIEW ONLINE](#)



An ex-City oil trader who quit his job to return to the family farm is striving to help the agricultural sector reduce harmful greenhouse gases.

This September, George Young of Fobbing Farm in Essex will start planting up to 15,000 trees over the next five years.

“We are doing the top land of the farm, with the first batch being 2,000 or 3,000 trees over 20 hectares,” he explains. “We are also planting a ‘wilded’ seam through the farm for birds and animals to run up and down, and improve our ecological contribution.”

Young is also introducing new varieties of crops such as heritage wheats, which require less fertilisers, as well as energy-crop industrial hemp. “We stopped using insecticides five years ago and are going fully organic this spring,” he added.

According to a [new report](#) from the Committee on Climate Change (CCC), which advises the UK on meeting its statutory commitment to reach net-zero by 2050, all farmers and landowners should be doing more to help the country meet its environmental goals.

Agriculture, forestry and other land use sectors are responsible for 23% of global greenhouse gas emissions, largely resulting from deforestation and emissions from soil, livestock and nutrient management. In the UK, based on 2017 figures, these amounted to 58m tonnes of carbon dioxide equivalent – a mix of mainly methane, nitrous dioxide and carbon dioxide – or 12% of total UK emissions.

The CCC believes that agricultural emissions can be reduced to 21m tonnes by 2050 through more low-carbon farming practices, such as controlled-release fertilisers, bioenergy crops and agroforestry techniques, which would increase tree cover by 30,000ha a year. The cost would amount to £1.4bn a year, with finance from government and the private sector.

“The agriculture and land use sectors have not contributed to emissions reductions over the past 10 years,” says Ewa Kmietowicz, transport and agriculture sector team leader at the CCC. She >



HELEN J DAVIES/SHUTTERSTOCK



BAAATUN/SHUTTERSTOCK

George Young, pictured, has created ‘wilded’ seams for birds and planted industrial hemp as an energy crop on his farm in Essex.





The government should make the proposed changes now. The opportunity is in the next five years

puts this down to a lack of UK government policy impetus and the EU Common Agricultural Policy’s (CAP) basic payments scheme – the provision of financial support for farmers in member states, which had few environmental measures within it.

“We’re also failing to meet current annual forestry planting targets” while incentives for agricultural land use have not seen fundamental change for decades.

While the government’s new [Agriculture Bill](#) proposes replacing current CAP direct payments when they end in seven years’ time with incentives to reward farmers for environmental protection and enhancement, Kmietowicz says the government should make the proposed changes now. “There is no reason to delay it,” she said. “The opportunity is in the next five years.”

Kmietowicz believes the government and industry should extend existing regulations to reduce on-farm emissions. This includes the EU’s Nitrates Directive, which restricts when and how fertilisers can be applied in designated nitrate vulnerable zones (NVZs) to minimise nitrate run off from soils into water. At present the zones cover all of Northern Ireland, 14% of Scotland and 55%

of England, but the CCC wants it extended to cover the whole of the UK.

It also wants the Government’s Clean Air Strategy to target reductions of ammonia, which is emitted during the storage and spreading of manures and slurries and the application of inorganic fertilisers, while cows and sheep’s methane emissions can be reduced through the use of feed additives.

Other recommendations call for a ban on the rotational burning of peatland, public funding for tree planting on farms and low-interest loans for energy crops.

LONGER-TERM THINKING

Meanwhile the Green Alliance thinktank believes Brexit could allow the UK to slash emissions to 19.6m tonnes by 2030, two decades earlier than the CCC’s timetable. In a [report published last year](#) it criticises past EU and UK agricultural policy for encouraging farmers to maximise short-term food production and intensive farming rather than thinking and acting sustainably.

“There have been funded agri-environment schemes for years, but the take-up has been relatively low and ineffective. The CAP gave >

Emissions from soil, livestock and nutrients amounted to 12% of total UK emissions in 2017.



Farming is quite a traditional sector, but this is on their agenda now. Some farmers are even part of Extinction Rebellion



payments based on area of land owned, but the government should pay them for [contributing to climate change mitigation],” says Belinda Gordon, strategy director at the Green Alliance.

Gordon admitted that getting from 58m tonnes to 19.6m tonnes by 2030 would require “radical” action, but hitting those levels by 2050 would be feasible with the right policies in place.

“After leaving the EU and the CAP we can enforce existing regulations better and improve them so they are more effective. Farming is quite a traditional sector, but this is on their agenda now. You even get some farmers who are part of Extinction Rebellion.”

Indeed, the National Farmers Union [launched a recent report](#) setting out a goal for farming in England and Wales to be net-zero by 2040.

Measures include farmers capturing more carbon through bigger hedgerows, more woodland, enhancing soil organic matter and growing fuel for power stations. The report also suggests improving the health of cattle and sheep and use of food additives to reduce methane emissions.

It called on the government to provide financial support for farmers to deliver a more carbon-neutral sector, including a new shared prosperity fund for rural development.

Defra declined to put up a spokesperson to be interviewed, but in an emailed response to questions, a spokesperson said: “We are reforming farming policy to reward environmental actions, reviewing our food system to ensure it is more

sustainable, [and] taking steps to accelerate tree-planting and peatland restoration.”

But industry doesn’t have to wait for the bill to pass to find financial support and advice.

Scottish Forestry has funding available for landowners to cover initial planting, annual maintenance payments for up to five years and a capital grant for fencing and tree protection.

In addition, George Young has secured funding for his tree planting from the Woodland Trust.

Landowners in Scotland can also utilise Wildlife Estate Scotland, which is an accreditation scheme for estates looking to improve wildlife and environmental credentials.

RESTORING PEATLAND

There is also the [UK Peatland Strategy](#), which aims to restore peatlands. Even though they are the largest natural terrestrial carbon store, they emit around 23m tonnes of CO₂ a year through damage caused by drainage, burning and extraction for horticultural use. According to the IUCN UK, around 80% of peatlands are damaged in this way.

“You re-wet and you get an almost instant shutting down of emissions,” says Clifton Bain, director of the IUCN UK Peatland Programme.

One example is Scottish Power Renewables, which is restoring peatland habitats covering over 8,000 hectares across its wind farm sites. [Heathrow Airport](#) has also funded a project with the Lancashire Wildlife Trust to restore peatland, helping it to offset carbon emissions from its operations. >

HEATHROW AIRPORT



DIYBEN/SHUTTERSTOCK

It is not just businesses that can benefit. Farmers and landowners can also generate new income streams.

There is the [Woodland Carbon Code](#), a voluntary standard that allows companies such as retailers, transport firms and financial institutions to pay owners and farmers to plant trees to help offset their carbon usage.

The IUCN UK's Peatland Code also allows landowners and farmers to tap into private funding for peatland restoration projects.

"You can add new revenues by becoming a carbon farmer alongside your existing activities," says Bain.

Lyn White of Scottish Forestry says income concerns are often raised by farmers.

"They think they won't get an income from trees for 40 years. But with fast-growing species they can sell timber [after] around 20 years through thinning, which also helps manage the woodland for future quality timber production. Trees also provide excellent shelter for stock by slowing down wind speed, thus increasing productivity and reducing costs, also protecting crops and reducing soil erosion keeping soil their most valuable asset in the field," she explains. "You can also get an income from amenities such as organised shoots."

Young clearly recognises the need for profitability as well as sustainability.

Heathrow Airport has funded a project with Lancashire Wildlife Trust to restore peatland. Top right: Trees offer multiple benefits to farmers, including shelter for livestock.

"We are looking at selling birch sap from our birch trees, fruit juice from our orchard trees, wood for furniture makers and using wood chip and compost for the farm. These areas of our farm will still be productive," he says.

But despite the opportunities, farmers and landowners can be left perplexed by competing environmental expectations.

"Landowners are being tasked with producing better quality food and reducing emissions. There are a lot of pressures," says Stephen Young, head of policy at Scottish Land & Estates. "It is getting the balance right between all these, and sometimes we focus on one to the detriment of the other. They need more guidance about how they can all work together and work out what is best for their local area."

Young says there needs to be more of a push to provide training and support for farmers, such as the creation of a network of agroforestry workshops, but change is inevitable. "Most farmers don't want to be the first to try it, but reducing emissions is a no-brainer," he says. ■



David Craik has been a freelance journalist for 15 years. He writes business news and feature articles for a variety of national newspapers and magazines



‘We won’t achieve the Paris Agreement unless we restore much of what we’ve degraded’



DM LARSON/SHUTTERSTOCK

Angeli Mehta reports on the growing business agenda for addressing biodiversity loss through platforms like the Business for Nature coalition and One Planet Business for Biodiversity

 [VIEW ONLINE](#)



COULANGES/SHUTTERSTOCK



ISLAVICEK/SHUTTERSTOCK



We humans have already altered 75% of land and 66% of ocean environments while 85% of wetland areas have been lost



DMITRI GOMON/SHUTTERSTOCK

This decade has been billed as the decade of climate action – but it’s not enough to cut carbon emissions, we also have to reverse the precipitous loss of our planet’s biodiversity.

We humans have already **altered 75% of land** and 66% of ocean environments. More than 85% of wetland areas have been lost. Within our oceans there are huge dead zones, so called because they contain too little oxygen to support life. The suffocation is caused by fertiliser and sewage run off. Meanwhile, fish stocks are at unsustainably low levels.

Earth is on the verge of a sixth mass extinction (the last was 66 million years ago and saw off the dinosaurs) with species vanishing at an unnatural rate, and 1 million likely to be lost within decades. **Insect populations** are collapsing, threatening the ecosystems they underpin.

The root cause of this catastrophic situation is over-consumption.

“Even if we totally convert to renewable energy today, we’ll still need help from nature,” says Enric Sala, an ocean ecologist with National Geographic and the founder of its **Pristine Seas** initiative, which has helped create 22 major marine reserves. “We won’t achieve Paris if we continue to cut down forests, or take fish out of the ocean. We have to restore and re-wild much of what we’ve degraded.” A shift to regenerative agriculture would, he argues, improve soil health so that it could absorb much of the excess carbon in the atmosphere.

Sala is leading an effort to push through a global agreement on biodiversity, to be signed by 196 nations this autumn in China. At the heart of the “zero draft” is a science-based target to have at least 30% of land and oceans in a natural state by 2030, and increases of at least a further 20% by 2050, to ensure ecosystem resilience. The EU will put forward its biodiversity strategy later this month, with measures to support deforestation-free supply chains expected later this year.

Last month, delegates from more than 100 countries met for the first round of negotiations on these post-2020 targets. Progress was deemed to be ‘good’ but the key question is funding for implementation, with poorer countries with mega-biodiversity looking for financial support >

Earth is facing a sixth mass extinction with the Amur leopard, leatherback turtle and western lowland gorilla under imminent threat.



from richer nations. Co-chair Basile van Havre said resource mobilisation would be done in parallel with agreeing targets. Direct support will be important, he said, but costs could be reduced by not creating further degradation and looking at subsidies: “For every dollar we need there is about \$10 in negative incentives, so there is a huge potential to redirect and repurpose incentives.”

Global targets on biodiversity were previously set in 2010: 17% of land and 10% of the oceans were to be protected by 2020. “We’re almost there,” says Sala. However, “the targets were purely political, and not based on science. Now we have enough science, we want to prevent the collapse of ecosystems and meet the Paris goals.”

Action is needed at all levels, from a shift to regenerative agriculture to the redirecting of subsidies. “If governments set clear regulations, and a level playing field, companies will innovate. They know being more sustainable is better, but subsidies ingrain the current practices,” he adds.

The EU will put forward its biodiversity strategy later this month, with measures to support deforestation-free supply chains expected later this year.

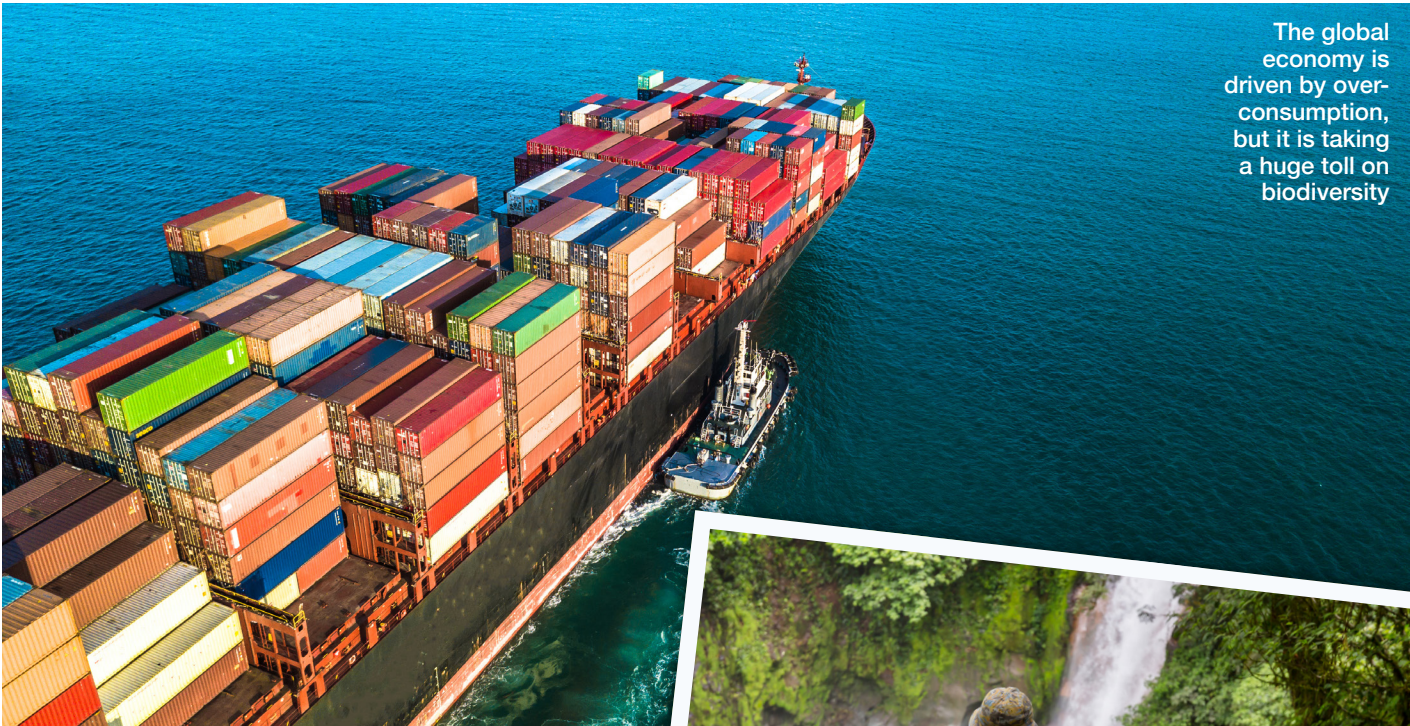
A global biodiversity agreement will aim to restore oceans to their natural state by 2030.



For every dollar we need there is about \$10 in negative incentives, so there is a huge potential to repurpose incentives

CRUCIAL ROLE FOR BUSINESS

Business needs to be on board, says Annelisa Grigg, who until recently led the effort to engage business on biodiversity at the UN-affiliated World Conservation Monitoring Centre (UNEP-WCMC). “We need concerted efforts on how you engage companies – to get their input into the target-setting process and help measure their contributions”. >



The global economy is driven by over-consumption, but it is taking a huge toll on biodiversity

AVIGATOR FORTUNER/SHUTTERSTOCK



GALYNA ANDRUSHKO/SHUTTERSTOCK

Grigg has set up a new organisation, Global Balance, to build business awareness of biodiversity.

Business has begun to wake up to the scale of the challenge, with some companies coming together to rethink their sourcing models. Research by the World Economic Forum suggests that more than half of total GDP – some \$44 trillion – is exposed to nature loss. Industries like construction, agriculture and food and drink are particularly exposed.

Others, including chemical, retail, travel and tourism, have “hidden dependencies” through their supply chains.

In 2018, researchers at [Oxford University](#) found that just 49 of the top Fortune 100 companies mentioned biodiversity in their sustainability reports, and only five of them had made biodiversity commitments “that could be considered specific, measurable and time-bound”.

According to Grigg “there’s a lack of perceived materiality; a lack of broadly agreed metrics, global targets and gaps in data [on biodiversity]. That said, none of those should be enough to stop people from acting.”

Part of her work at the UN had been to look at how biodiversity is integrated into natural capital assessment and attempt to place a value on it.

Grigg counts 12 approaches to measure biodiversity – both site and product-based – covering different sectors. UNEP-WCMC is trying to seek common ground between the various measures but there is tension, because the

Industries including tourism, construction and retail are exposed to nature loss.

measurements need to be science based.

Farthest ahead is the Global Biodiversity Score, developed by CDC Biodiversité and now being piloted by 35 companies. The tool will be released in May. The initiative is driven by a French government commitment to get companies to report on their biodiversity footprint. In the UK, the Department for Environment, Food and Rural Affairs (Defra) is beta-testing a biodiversity metric for developers and planners.

Businesses are taking part in a few coalitions working towards October’s global biodiversity conference. The [Business for Nature](#) coalition of business and conservation organisations aims to coordinate an aligned message from the business community, with five recommendations for policymakers.

Wei Peng, global head of sustainability at China-based Cofco International, says the need >



MASTER 1305/SHUTTERSTOCK



There is pledge fatigue. People want to know exactly what you are going to change

for consistent messaging is a lesson learned from business engagement on the climate agenda.

Those policies, she adds, need to break the silos between climate change, biodiversity loss and human welfare and create concrete and time-bound implementation plans.

TRANSFORMING AGRICULTURE SUPPLY CHAINS

Another part of the jigsaw is One Planet Business for Biodiversity (OP2B), a cross-sector coalition of businesses focused on transforming their agriculture supply chains to restore biodiversity.

“We’ve learned from climate that we need to work together more quickly,” says Diane Holdorf, managing director for food and nature at the World Business Council for Sustainable Development (WBCSD), which is hosting the 19 members of OP2B.

In its launch materials OP2B acknowledges that efforts to make agriculture more efficient and productive have led to biodiversity loss on farms; a degradation of ecosystems and a lack of ingredient biodiversity in our diets. It points to findings from the UN Food and Agriculture Organization (FAO) highlighting that just nine plant species – out of 66,000 that are grown for food – make up two-thirds of total crop production.

Eric Soubeiran, vice president, nature and water cycle at Danone, says OP2B will focus on three areas: transforming sourcing models to foster soil health and regenerative agriculture at scale; using product portfolios to purchase more diverse

Our diets also lack diversity; just nine plant species make up two-thirds of total crop production.

ingredients; and reducing deforestation and promoting high-value ecosystems.

The objective is to have a set of actions that can be monitored. “There is a pledge fatigue. People want to know exactly what you are going to change,” Soubeiran says. “It could be that we say, for example, in Indonesia we will commit to protect this number of hectares of rainforest by having corridors of biodiversity, and put in place in this palm oil area these regenerative practices that will give farmers diversification of revenue. So when you look at the before and after, you should be able to monitor the impact – not just percentages. It has to be grounded somewhere and visible.”

Holdorf says big questions need to be addressed: “If we think about the potential for improved soil health to help farmer livelihoods and sequester carbon, we should all invest – but how do we make investments credible and long term?” Crucially, “farmers need to be part of the conversation.”

Both Danone and Unilever are working with US farmers on soil health. Danone has a soil research programme with 23 dairies across 50,000 acres and is beginning to map the economic impact of soil health practices. It has teamed up with an impact investing firm rePlant Capital to provide low-cost loans to farmers that are working on organic or regenerative conversion.

Unilever is also working with US soy farmers and soy oil producers, who supply products like Hellmann’s mayonnaise, to increase the use of cover crops after harvesting. These crops help slow soil >



GOROSAN/SHUTTERSTOCK

erosion and keep nutrients in the ground until the next growing season. Moreover, healthy soils sequester carbon.

But many farmers will be smallholders in the developing world, who'll need access to finance and knowledge. Peng says Cofco has started to invest in technical assistance for farmers in the areas of land conservation and responsible use of inputs.

It has also been restoring native vegetation around sugar plantations in Brazil, planting more than 1.6 million seedlings, and cutting fertiliser use by applying sugarcane residues to fields. There have been obvious environmental benefits says Peng. "What's more, they have proven to deliver tangible business value for the company, in terms of resource efficiency, productivity and community relations."

TRACING SUPPLY CHAINS

Soubeiran insists Danone's direct soy sourcing is completely deforestation-free, but indirect sourcing (through soy used to feed cattle) is problematic. "You have weak traceability in Europe for soy arriving from Brazil, but we are

Danone says its directly sourced soy is deforestation-free, but indirect soy such as that used to feed cattle, is problematic.



We're prepared to pay the right price so long as there is real traceability and real transition towards more regenerative practices

working hard – we're prepared to pay the right price so long as there is real traceability and real transition towards more regenerative practices."

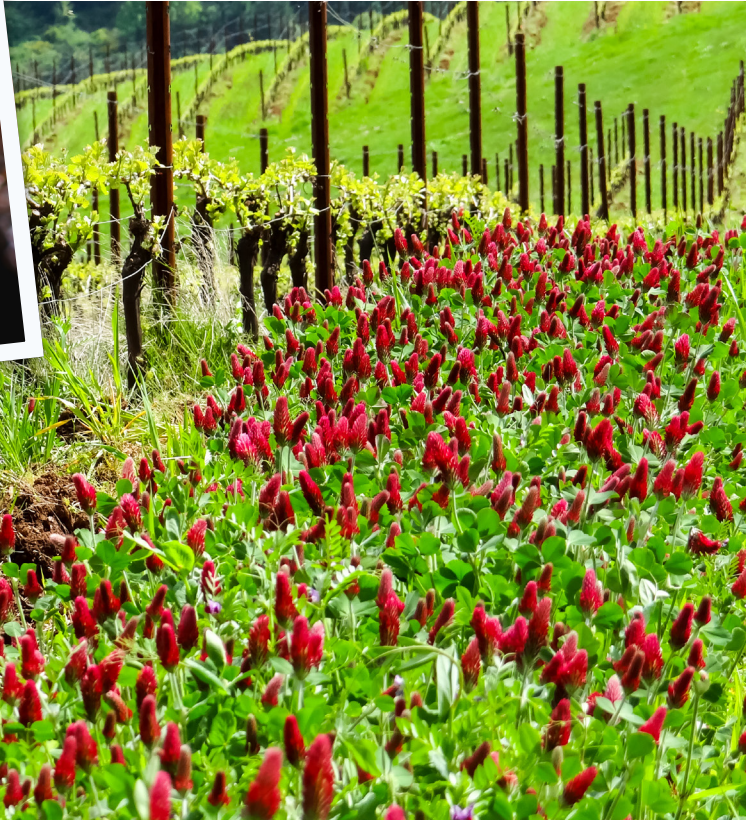
Toby Gardner, senior research fellow at the Stockholm Environment Institute, says while data can be key in driving change, change can be made without waiting for the most detailed data. >



INSET IMAGE: MARTIN KOVACIK/SHUTTERSTOCK



PATIL/SHUTTERSTOCK



JENNIFER LARSON MORROW/SHUTTERSTOCK

Above: Improved soil can absorb more carbon from the atmosphere. Right: Cover crops such as red clover help soil erosion and keep nutrients in the ground.

Because soy and palm oil from different farms are each bulked together, “the concept of physically segregating supply chains – unless you own the entire supply chain – is, for many buyers, meaningless.”

Gardner is director of [Trase](#), an initiative that, with creative thinking and a good deal of detective work on publicly available records (like shipments and warehousing), has come up with a means to entirely map the patterns of movement between the regions of commodity production, and the regions of import.

Trase has mapped almost all of the Brazilian soy chain, so buyers can identify the hotspots of deforestation and take action by changing sourcing patterns, or (far better) to get involved to improve conditions on the ground. To have a positive impact, he says, “companies need to care about how much deforestation is linked to an entire sector. If a company just moves or changes to a different crop, that may not impact on deforestation.”

The data can also be used for better accountability, to assess whether sustainability commitments are being met. The Trase team is already working with supermarkets such as Tesco, Waitrose and Carrefour; the French government; and banks like Santander who want to profile deforestation risk on their loans portfolio. In



Companies need to care about how much deforestation is linked to an entire sector, not just to a single crop

Indonesia, work with partnerships involving local government, producers and civil society groups “can help them understand which markets they’re connected to and which brands might make the commitment to help them improve.”

Holdorf believes we’ll begin to see concrete progress this year, with a menu of meaningful actions that can be implemented by OP2B members in their supply chains by June. She’s part of a group working on “apex goals” that would contribute to national biodiversity loss reduction targets – similar to the national defined contributions of the Paris climate agreement – and feed into October’s Biodiversity COP.

What’s at stake is our very survival on this planet. “Human civilisation was built in an era of climate stability,” says National Geographic’s Sala. “That stability was based on biodiversity.” ■



WHAT'S ON THE WEB

'With most biodiversity lying on indigenous land, their leadership is crucial'



BHP Foundation's Melinda Macleod explains how indigenous-led conservation projects, like the 10 Deserts Project in Australia, can help achieve the urgent turnaround in biodiversity needed this decade

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CSR Cheat Sheet: Dire climate predictions endorsed by the courts



How the World Benchmarking Alliance chose the 2000 companies key to delivering the SDGs



'Creating shared value is just sound business as we enter the turbulent Twenties'

PLUS

Five ways UK energy managers can help deliver a net-zero economy



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The need for speed in going all-electric to lead the climate decade



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Covestro aligning R&D portfolio with SDGs to drive the decade of action



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SUCCESS STORY

How Verisk is Successfully Addressing Emissions from its International Energy Load



Verisk is a leading data analytics provider with a focus on the insurance, energy, and financial services industries. Since several of the company's business lines involve analysis of the effects of

climate change, Verisk is highly attuned to the urgency of this challenge and has a strong commitment to environmentally responsible business practices. In 2017, Verisk approached 3Degrees to help it develop and execute a plan to address its global greenhouse gas (GHG) emissions through investments in energy attribute certificates and carbon offsets.

Challenges

Though the company is headquartered in New Jersey, Verisk's energy load is highly decentralized among offices in approximately 20 countries. The offices are leased not owned, often relatively small, and frequently situated in multi-tenant buildings, which makes it very difficult to address renewable energy needs directly. To add a layer of complexity, several of the company's international locations are in markets with very limited, or newly developing, renewable energy instrument options. Finally, Verisk saw that a renewable energy purchasing commitment was consistent with the expectations of its stakeholders, and had the potential to positively influence employee job satisfaction, retention, and attraction. To strengthen this connection to employees, Verisk specifically requested that at least some of the projects be located in places where many of its 7,000+ employees would appreciate the connection.

3Degrees was undaunted by these criteria. With extensive experience navigating global energy markets and tailoring solutions to fit our clients' specific needs, we were confident we could craft a high quality, cost-competitive renewable energy purchasing plan to achieve Verisk's goals.

“

“We were happy to work with 3Degrees to create a portfolio of EACs and carbon offsets to address our electricity emissions around the world. Given our decentralized footprint, it was important to us that we work with an experienced advisor. The team was highly knowledgeable and we felt very comfortable with the recommendations they proposed.”

PAT MCLAUGHLIN

Senior VP and Chief Sustainability Officer, Verisk



CHALLENGES:



Decentralized global energy load



Offices leased, not owned



Limited Energy Attribute Certificate (EAC) options in new and developing markets



Specific project locations requested

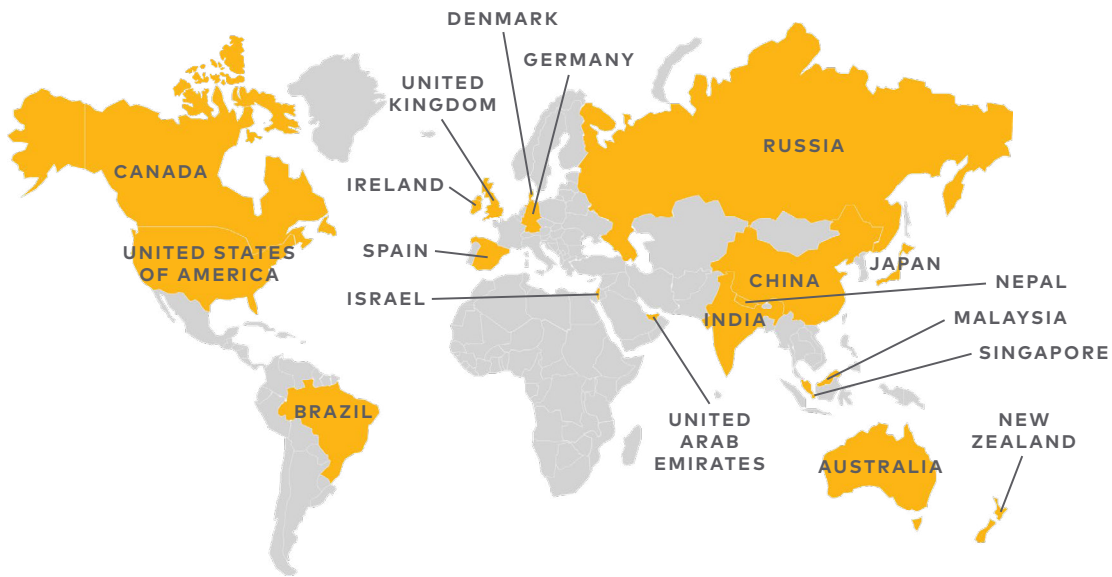
3Degrees[™]

SUCCESS STORY | *How Verisk is Successfully Addressing Emissions from its International Energy Load*

How We Helped

We began by conducting an in-depth assessment of all available EACs in each market where Verisk’s various businesses have load. Because many of these markets offered limited or new, and therefore less familiar, options, 3Degrees performed detailed due diligence down to the project level.

After assessing the best options in each market that balanced cost with quality, we were able to propose and transact on a diversified portfolio approach of EACs and carbon offsets (when renewable energy was unavailable or did not make strategic sense in a market) that allowed Verisk to address its electricity emissions in each of the following countries:



Results

By executing a portfolio of high quality EACs and carbon offsets, Verisk achieved its goal of supporting renewable energy in the areas around the world where it conducts business and where the vast majority of its employees live and work. Importantly, this investment also enabled the company to demonstrate its commitment to climate action to its stakeholders, including its employees. Verisk has now made this commitment for five years (2017-2021), and expects to continue exploring renewable energy options beyond that.

At 3Degrees, our business is our mission. We make it possible for businesses and their customers to take urgent action on climate change. As a certified B Corporation, we provide renewable energy and emission reduction solutions to Fortune 500 companies, utilities, universities, green building firms, and other organizations. Headquartered in San Francisco, 3Degrees serves clients around the world.



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