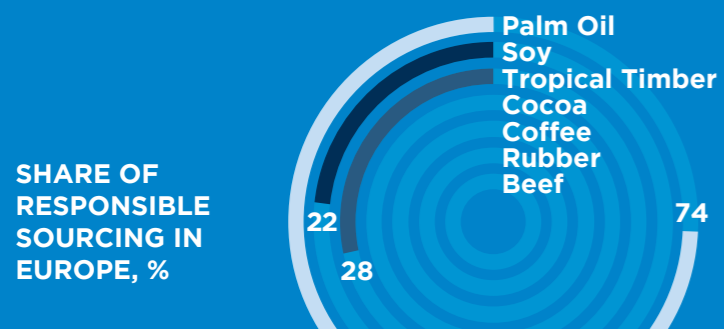
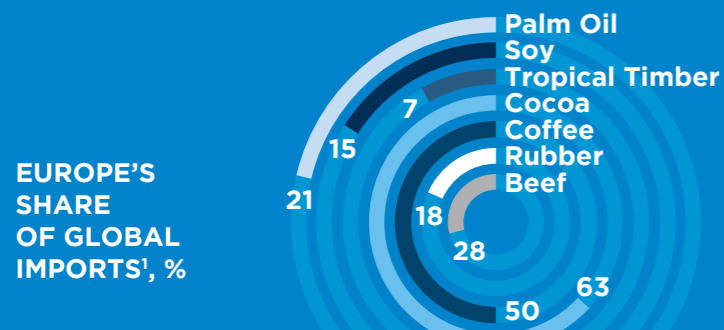
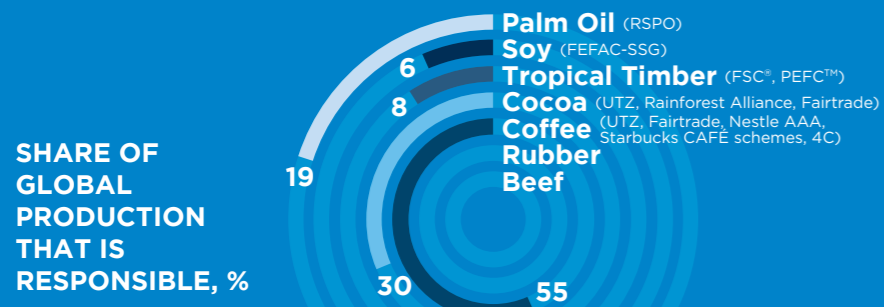


THE URGENCY FOR ACTION AGAINST DEFORESTATION

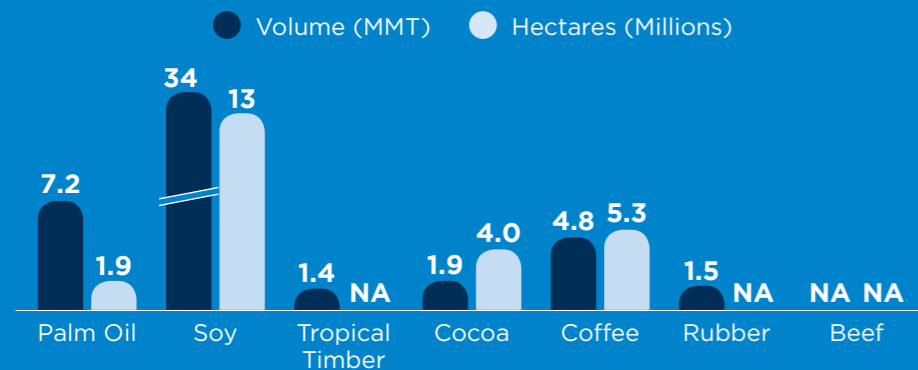
June 2019

THE URGENCY OF ACTION AGAINST DEFORESTATION

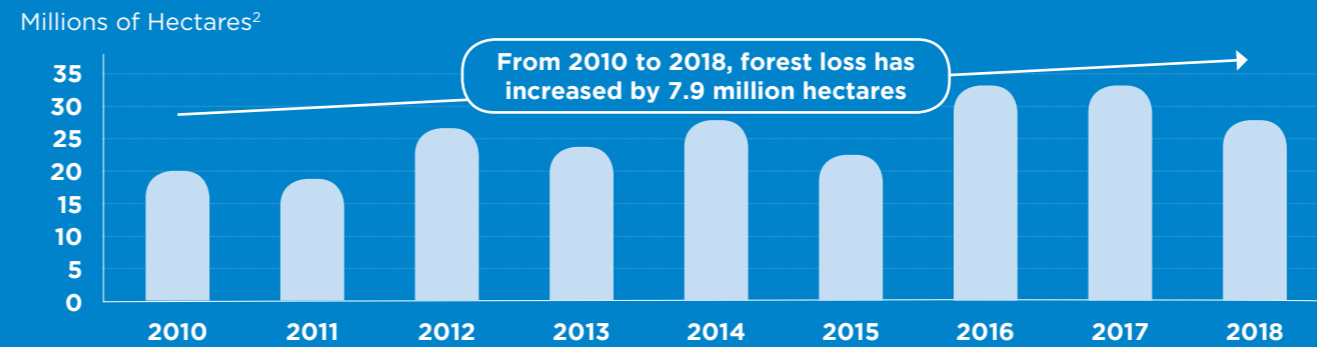
OVERVIEW OF KEY COMMODITIES



EUROPEAN SOURCING VOLUME AND ACCOMPANYING HECTARES



FOREST LOSS



According to Forest 500, no company assessed in 2018 is on track to eliminate commodity-driven deforestation by 2020.

POTENTIAL BENEFITS OF AMBITIOUS SUSTAINABLE SOURCING



Increased income for **1.5 BILLION** smallholders



1.6 BILLION people are dependent on forests for food and livelihoods

If Europe was to achieve zero-deforestation imports by 2025,

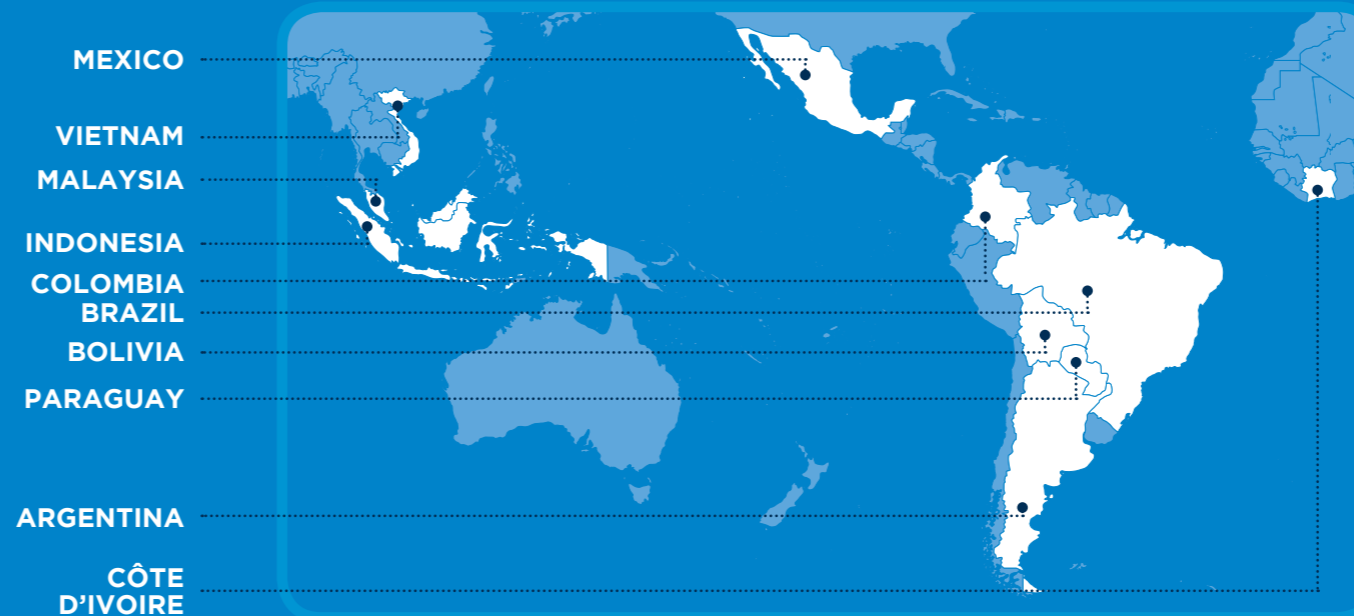


an **ADDITIONAL 454 MILLION METRIC TONNES OF CO₂e** could be abated compared to the business-as-usual (BAU) scenario over the next 12 years⁵



an **ADDITIONAL 4.9 MILLION HECTARES OF FORESTS** could be saved compared to the BAU scenario over the next 12 years⁵

CURRENT DEFORESTATION HOTSPOTS, IN TERMS OF GROSS DEFORESTATION AND SHARE DRIVEN BY AGRICULTURAL ACTIVITIES



SUPPORTIVE ACTIONS BY EUROPEAN GOVERNMENTS³

Current Status⁴

● Limited Gaps ● Some Gaps ● Major Gaps

DOMESTIC MARKETS	Commodities				PRODUCER COUNTRIES	Commodities			
	Palm Oil	Soy	Timber & Paper	Cocoa		Palm Oil	Soy	Timber & Paper	Cocoa
Consumer Awareness	●	●	●	●	Capacity Building	●	●	●	●
Producer Procurement	●	●	●	●	Producer Grants / Blended Finance	●	●	●	●
Capacity Building	●	●	●	●	Market Incentives	●	●	●	●
Multistakeholder Dialogue	●	●	●	●	Gov-to-Gov Dialogue	●	●	●	●
Reporting Requirements	●	●	●	●	Multistakeholder Dialogue	●	●	●	●

(1) Includes 28 European Union (EU) countries and 4 European Free Trade Association (EFTA) countries where data is available. (2) For canopy cover greater than 10%. (3) Based on data available for 12 European countries (Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Switzerland, and the United Kingdom). (4) Refers to the share of the 12 countries examined that have examples of government initiatives in each type of interventions. "Limited gaps" refers to more than 50% of countries (i.e. more than 6 out of 12 countries) having initiatives in that area; "Some gaps" refers to 25-50% of countries (i.e. 3-6 countries) having initiatives in that area; and "Major gaps" refers to less than 25% (i.e. 3 countries) having initiatives in that area. (5) This covers 2018 to 2030.

SOURCES: Food and Agriculture Organisation (FAO); United States Department of Agriculture Foreign Agricultural Service (USDA-FAS); International Tropical Timber Organisation (ITTO); Forest 500; The Sustainability Advisory; Probos; WRI



Below, we present nine draft recommendations to act against deforestation, increase sustainable production and support farmers. These nine are meant to discuss, to agree upon as stakeholders so all, both countries and supply chain actors can take their responsibility, complementing and strengthening these actions. The final version will be included in a forthcoming report.

As import hub for deforestation-risk commodities, Europe has a large role in developing solutions, fostering dialogue, and enacting change to address deforestation. Any policy action on deforestation, sustainable production and farmer support should ensure a coherent approach and create alignment between different platforms and actions. Countries and supply chain actors should take the opportunity to learn from and inspire each other. The combined knowledge of governments, private actors, and NGOs is needed to jointly act in identified hotspots, while leveraging opportunities across the value chain to design interventions to combat deforestation.

COMMITMENT AND ACCOUNTABILITY ON SUSTAINABLE PUBLIC SECTOR PROCUREMENT

1. Introduce sustainable sourcing requirements in public procurement for all commodities throughout the EU to drive market uptake growth towards 100%. Ensure government-to-government coordination and dialogue, and report on progress and activities.

COMMITMENT AND ACCOUNTABILITY ON SUSTAINABLE PRIVATE SECTOR PROCUREMENT

2. Industry associations need to develop sustainable sourcing roadmaps with clear and realistic targets working towards 100%, together with government offering incentive packages like for the renewable energy transition, and NGOs supporting with knowledge.

HARMONISE, MONITOR AND ACT UPON PUBLIC-PRIVATE AMBITIONS

3. Establish a public-private platform where industry organisations, the government and NGOs work together on common sourcing criteria, verifiable actions and time-bound targets. The partnership supports the work by establishing joint technical procedures and facilitating involvement of large, medium and small companies.

DISCLOSE DEFORESTATION-RISK SOURCING & INVESTMENTS

4. Establish a platform of ADP country companies and institutional investors that encourages disclosing sourcing from and investments in forest areas and screening for deforestation risks.

CONSUMER AND PRODUCER COUNTRY PARTNERSHIPS FOR ACTION

5. Establish G2G partnerships between European governments with governments in key producing regions to support capacity development and strengthen enforcement, land-use planning and a cadaster.

6. Identify the key current and future sourcing regions, overlay these with the current and future deforestation hotspots, and agree to prioritise those regions for shared action between governments, farmers, companies, NGOs and donors.

INCREASE INVESTMENT IN AND SOURCING FROM PRODUCTION AREAS IN TROPICAL HOTSPOTS

7. Increase investment in mainstreaming sustainable production, starting in the priority regions. This can be a combination of (inter)national public money and investment by supply chain companies + (impact) investors.
8. Mobilise European sourcing towards the priority areas: by pooling market demand the collective demand for commodities from the hotspots will cover most production and thus offer a real incentive and reward to mainstream sustainable production, protect forest and support farmers to increase and diversify their income.

MAINSTREAM SUSTAINABLE PRODUCTION FOR ALL MARKETS

9. Work towards sustainable imports by markets outside Europe, by first facilitating mainstream sustainable production, not just for Europe, and secondly dialogue with those market governments to share lessons learned and explore how collaboration can be achieved based on shared needs and different realities.