

European Business Nature Summit 2023
Milan, 12.10.2023

Workshop II – Parallel group sessions
Session 5
Towards deforestation-free supply chain to
contribute to a nature-positive future

Introduction to the Session

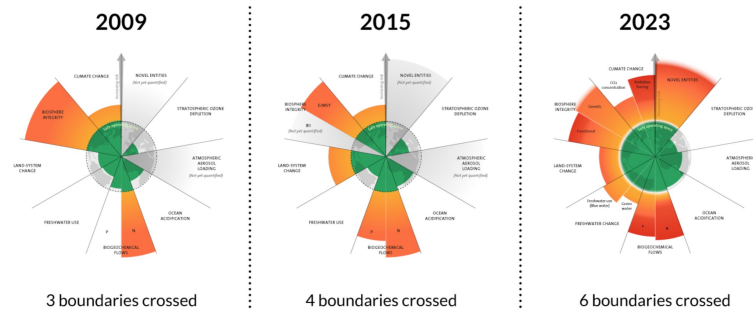
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The worsening of the environmental conditions

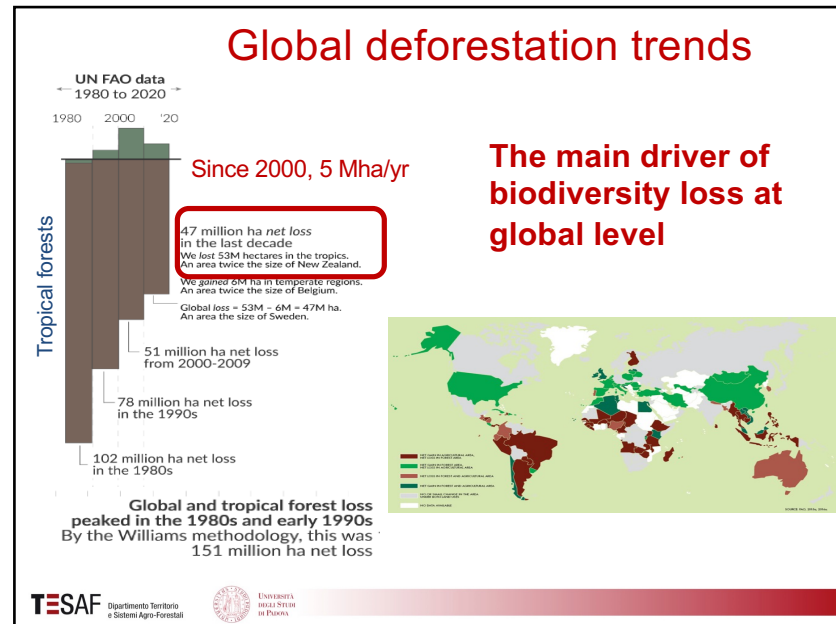


The evolution of the planetary boundaries framework. Licensed under CC BY-NC-ND 3.0. You are free to share – copy and redistribute the material in any medium or format. (Credit: Azote for Stockholm Resilience Centre, Stockholm University. Based on Richardson et al. 2023, Steffen et al. 2015, and Rockström et al. 2009) Click on image to download

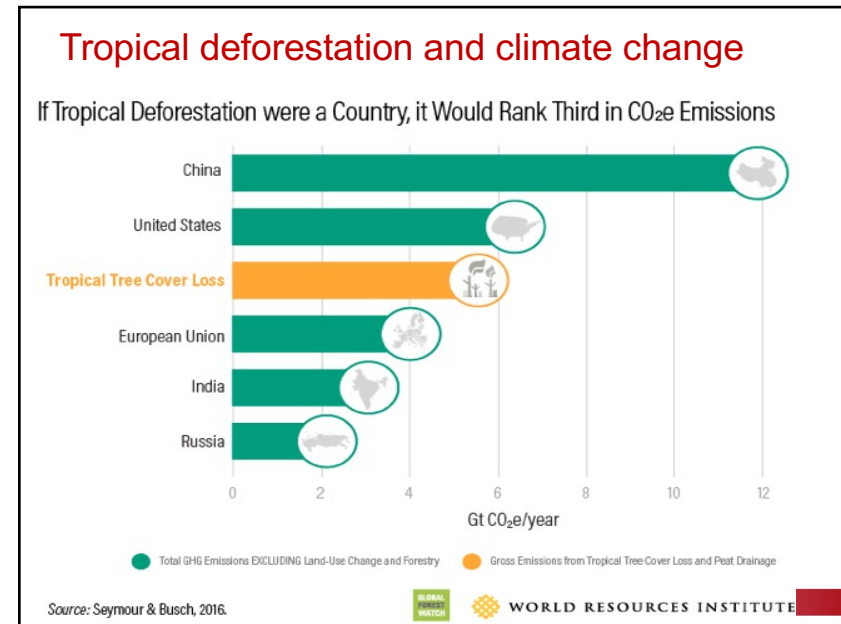
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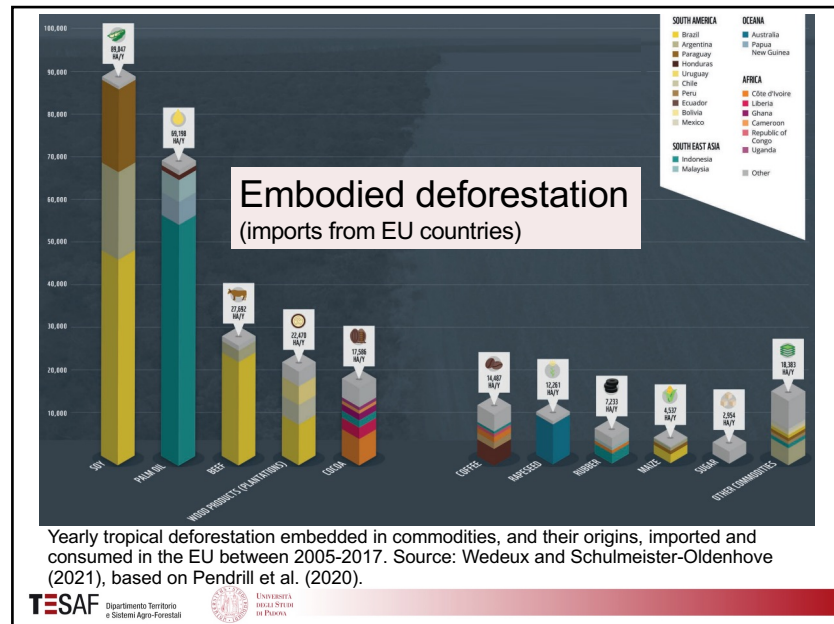
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Instruments for supporting environmental resources protection

	Tools	Direct costs for the public sector	Transaction costs for the public sector	Approach	Participation by the privates	
Passive: Command and control	Thresholds, limitations, constraints	Relatively low	Relatively low	Top down	Compulsory	sticks
	Tax deductions, tax exemption	Relatively high			Voluntary or imposed by the State	
Active: creation of new sources of income	Fixed compensation				Voluntary	carrots
	- PES schemes	Zero costs	Relatively high	Bottom up	Voluntary	
	- PES-like schemes	Very low	Low	Mixed	Compulsory for some parties	
	- PPP	Relatively high	Low	Top down	Voluntary	
	- Land acquisition by public authorities or large companies (lease, concessions, ...)	Relatively high	Low	Top down	Normally voluntary	
	- Tradable permits (cap & trade schemes)	Relatively low	Low	Mixed	Compulsory for some parties	
	- Certification and labelling (premium price)	Zero costs	Zero costs	Bottom up	Voluntary	sermons
	- Sponsoring, donations (philanthropy)	Relatively high	Low	Mixed		
	- Information, provision of services, goods free of charge or a low prices	Relatively high	Low	Mixed		

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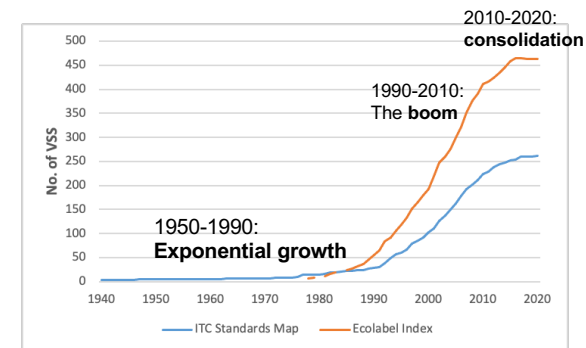
A general narrative: the need for a shift from Command-and-Control (C&C) to Market Based Instruments (MBI)

C&C Taxes, permits, thresholds, ...
“non to be done”

MBI Economic tools used to drive companies' behavior
“to be done” (on a voluntary basis)

Source: OECD 1994, Stavins 2001, Windle et al. 2005


No. of Voluntary Sustainability Standards (VSS) on the market (1940-2020)



Source: Marx and Fernandez de Cordoba, 2020

Areas of action	Private initiatives that have covered the area of action
Legal origin of the wood products and their CoC and criteria for SFM	CoC standards by FSC, PEFC, Naturaland, Plockhugget, ...
Sustainable finance	GABV, FEBEA and INAISE networks' activities; Basel 1 and 2
Sustainable use of wood biomass	Better Biomass, ISCC, SBP, ... (see https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes_en)
Sustainability reporting	GRI, CDP, SASB, ISO 14001 EMS, SASCB, Carbon Trust Standard, Greenhouse Gas Protocol by the WRI and WBCSD,...
Carbon credits generation	National Schemes and private certification schemes and standards
Legal origin of 7 farm and forest products and their CoC	GFP, Rainforest Alliance, RTRS, RSB, RSPO, SAN, SBP + already mentioned forest related organizations

CDP: Carbon Disclosure Project, CoC: Chain of Custody, EMS: Environmental Management System, GCP: Global Coffee Platform, GRI: Global Reporting Initiative, ISCC: International Sustainability and Carbon Certification, RSB: Roundtable on Sustainable Biomaterials, RTRS: Round Table on Responsible Soy Association, RSPO: Roundtable on Sustainable Palm Oil, SAN: Sustainable Agriculture Network, SBP: Sustainable Biomass Program, SASB: Sustainability Accounting Standards Board, SASCB: Sustainability Accounting, Standards and Certification Board, WBCSD: World Business Council for Sustainable Development, WRI: World Research Institute.

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Civil society initiatives: not always without problems and limitations

The Guardian

Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows

Based on a new analysis at least 90% of Verra's rainforest carbon credits do not represent real emission reductions

Each credit is equal to one metric tonne of CO₂ equivalent


94.9m carbon credits claimed

5.5m real emissions reductions

The investigation found that:

- Only a handful of Verra's rainforest projects showed evidence of deforestation reductions, according to two studies, with further analysis indicating that 94% of the credits had no benefit to the climate.
- The threat to forests had been overstated by about 400% on average for Verra projects, according to analysis of a 2022 University of Cambridge study.
- Gucci, Salesforce, BHP, Shell, easyJet, Leon and the band Pearl Jam were among dozens of companies and organisations that have bought rainforest offsets approved by Verra for environmental claims.

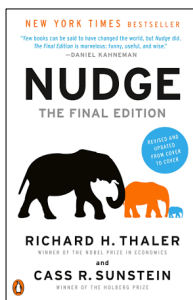
<https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoc>

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Public institutions define the **frame rules** (indicators, thresholds, procedures, institutional actors, M&V systems, ...) for managing environmental (forest) resources

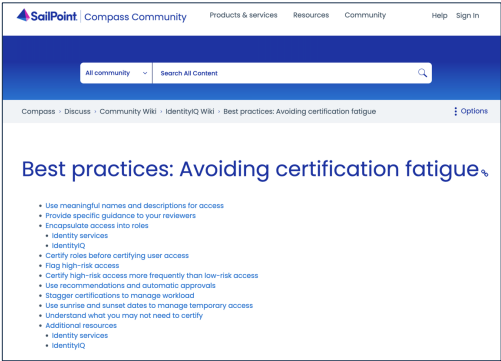
An approach consistent with the principles of the “Nudges economics”



Area of policy action	Private initiatives that have covered the areas of action	The regulatory initiatives by the EU
Legal origin of the wood products and their CoC and criteria for SFM	CoC standards by FSC, PEFC, Naturaland, Plockhugget, ...	EUTR – European Union Timber Regulation
Sustainable finance	GABV, FEBEA and INAISE networks' activities; Basel 1 and 2	Taxonomy
Sustainable use of wood biomass	Better Biomass, ISCC, SBP, ... (see https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes_en)	REDII and REDIII
Sustainability reporting	GRI, CDP, SASB, ISO 14001 EMS, SASCB, Carbon Trust Standard, Greenhouse Gas Protocol by the WRI and WBCSD,...	CSRD (Corporate Sustainability Reporting Directive) and NFRD (Non-Financial Reporting Directive)
Carbon credits generation	National Schemes and private certification schemes and standards	CRC – Carbon Removal Certification Regulation
Legal origin of 7 farm and forest products and their CoC	GFP, Rainforest Alliance, RTRS, RSB, RSPO, SAN, SBP + already mentioned forest related organizations	EUDR – European Union Deforestation and forest degradation Regulation

Some open questions

- How are **companies responding** to the persistent problem of deforestation and forest degradation?
- How will the new **EUDR impact** the problem?
- What **implementation problems** is the EUDR creating?
- How can **voluntary instruments** (e.g., certification) be **harmonized** with **compulsory** ones (e.g., EUDR)?



Best practices: Avoiding certification fatigue

- Use meaningful names and descriptions for access
- Provide specific guidance to your reviewers
- Incorporate access into roles
 - Identify services
 - IdentifyIQ
- Certify roles before certifying user access
- Flag high-risk access
- Certify high-risk access more frequently than low-risk access
- Use recommendations and automatic approvals
- Stagger certifications to manage workload
- Use sunrise and sunset dates to manage temporary access
- Understand what you may not need to certify
 - Additional resources
 - Identify services
 - IdentifyIQ

Which role in the future of private voluntary initiatives? Is there a space for them?

WE ARE NOT A SUSTAINABLE BRAND

Naah, despite our ongoing efforts to explore and use more recycled, renewable and responsibly sourced materials in our products and packaging, we are still not a sustainable brand. We're not even close.

We are, however, working as hard as we can to be a responsible company. We only manufacture in factories and countries that respect their workers. By focusing on quality and encouraging our customers to be informed about what they buy, we hope to gradually reduce negative consequences. The climate we make and our current ability to implement and evolve make it a practice to grow back. We're committed to it for the long term. It's a long, ongoing journey. We're also committed to supporting the work of grassroots environmental organizations. We'll also continue to raise and debate these issues with our customers, partners, and the public. But the most important thing about how we operate may be how we treat each other. We recognize our entire ecosystem, from customers to suppliers to contractors to partners, are human beings with emotions and lives of their own. The long-term goal is to create a