



PRIVATE SECTOR ACTION ON CLIMATE CHANGE

Keeping forests standing provides a promising solution to climate change: Halting tropical deforestation and degradation and allowing forests to regrow at current rates can provide at least 30 percent of the carbon storage and sequestration needed to limit global warming to 2°C.¹ Realizing this potential requires minimizing drivers of deforestation such as agricultural development, and the private sector has a critical role to play in achieving this outcome. Many corporations have already made strong climate commitments to tackle deforestation by establishing sustainable supply chains and investing in carbon market mechanisms such as REDD+.

CORPORATE PLEDGES ADDRESSING DEFORESTATION

New York Declaration on Forests

At the UN Climate Summit 2014, companies from around the world—including Walmart, Asia Pulp and Paper and Barclays Bank—joined governments, non-governmental organizations and indigenous community groups in committing to, among other goals, collectively halve deforestation by 2020 and eliminate it by 2030.

Tropical Forest Alliance 2020

Consumer Goods Forum partners—including McDonald's, Unilever and Nestle—have pledged to achieve outcomes by 2020 that include zero net deforestation in tropical forest countries along commodity value chains for palm oil, soy, paper and pulp and beef.

Action 2020

World Business Council for Sustainable Development's 200 member companies—including Starbucks, NRG Energy, Monsanto and Chevron—have pledged to achieve outcomes that include reducing the rate of forest loss by at least 50 percent by 2020.

NEXT STEP: FULFILLING THESE COMMITMENTS

The private sector's aggressive sustainability targets are a critical first step toward addressing today's climate challenges. These investments in nature can deliver cost-effective climate solutions with many benefits to local communities. Recent successes can be built upon by developing and implementing advanced strategies and work plans that combine bold commitments with practical solutions that will deliver benefits to the bottom line and the climate.

¹ (a) McKinsey & Company. 2009. Pathways to a low-carbon economy. McKinsey & Company.

(b) Le Quere, C., et al. 2013. Global Carbon Budget 2013. *Earth Syst. Sci. Data Discuss.*, 6, 689–760 (averaged for 2003–2012);

(c) Grace, J., et al. 2014. Perturbations in the carbon budget of the tropics. *Global Change Biology* (data from 2005–2010);

(d) Houghton, R.A. 2013. The emissions of carbon from deforestation and degradation in the tropics: past trends and future potential (data from 2000–2005). *Carbon Management*.

INVESTMENT IN REDD+ PROJECTS

REDD+ creates a financial value for the carbon stored in forests. REDD+ offers incentives to governments to protect, restore and sustainably manage forests, and provides the private sector with a mechanism to meet their deforestation commitments via voluntary carbon markets.

Walt Disney Company and Alto Mayo REDD+ project

Peru's Alto Mayo Protected Forest faces intense deforestation pressures from illegal logging and unsustainable farming practices. With the Peruvian government, civil society partners and an investment from Disney, CI is tackling climate change by using REDD+ to protect the Alto Mayo. The project has generated over 3 million metric tons of emission reductions and increased incomes for over 250 local families through improved coffee farming practices.

SUSTAINABLE LANDSCAPES PARTNERSHIP

In recognition of the dual need to protect forests and catalyze a shift towards more sustainable agricultural production, CI has developed the Sustainable Landscapes Partnership (SLP) to leverage the power of public, private and local stakeholder cooperation to achieve impact at a landscape scale. The SLP approach focuses on natural capital conservation, sustainable production, and improving governance and local buy-in in specific sub-national jurisdictions.

Walton Family Foundation and SLP Indonesia

Along with the Walton Family Foundation and USAID, CI developed and is implementing an SLP in Indonesia, where forests are being cleared to grow commodities like rubber and palm oil. Working with about 3,000 farmers to improve commodity production quantity and quality, the SLP will protect critical ecosystems while providing benefits to over 12,000 people. The private sector can support SLP work by developing, investing in or purchasing the outcome of SLP projects, and by participating in the local advisory group to keep apprised of best practices and global trends to facilitate wider adoption.

SUSTAINABLE SUPPLY CHAINS

Agricultural development is responsible for 80 percent of deforestation,² and a key driver is the demand for global commodities such as palm oil, soy, coffee and beef. Increased collaboration between communities, civil society and corporations is creating more sustainable commodity supply chains. In many cases, agricultural production and local income can increase without compromising the health of critical forests.

Starbucks and C.A.F.E. Practices

Starbucks ethically sources 99% of their coffee, a milestone achieved in collaboration with CI through the Coffee and Farmer Equity (C.A.F.E.) Practices program—which entails working with coffee farmers to promote environmentally and socially sound growing practices. Our work together also encompasses providing loans for sustainable enterprise development (remove comma) and helping communities gain access to new income streams through forest carbon markets such as REDD+.

CLEAR POLICIES INCENTIVIZE CORPORATE ACTION

Voluntary certification of sustainable supply chains has allowed great progress; the challenge now is to reach a tipping point that will enable entire commodities to become sustainable. As companies continue increasing their efforts, enhanced political commitments at scale are needed. Clear policy and market signals would level the playing field by providing a common baseline and framework for progress, and would incentivize increased demand for nature-based solutions to climate change through such mechanisms as REDD+.

²Kissinger, G., et al. (2012). Drivers of deforestation and forest degradation: a synthesis report for REDD+ policymakers. Lexeme Consulting.

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