

## Root and branch:

# How forests underpin the sustainability agenda

A briefing for policymakers





# Forests and the Sustainable Development Goals

## The global context

Deforestation and forest degradation account for

# 15%

of global greenhouse gas (GHG) emissions

**Forests are crucial to global sustainable development, affecting both the natural environment and economic prosperity. They are home to 80% of the world's terrestrial species<sup>1</sup> and provide clean water while preventing soil erosion and floods. For these reasons, more than 1.6 billion people rely on the benefits accrued from them, including sustenance, fuel and medicinal plants<sup>2</sup>. The forestry sector has over 10 million employees worldwide and contributes billions to global GDP<sup>3</sup>.**

Yet, deforestation and forest degradation continue to take place worldwide at a rate of 3.3 million hectares per year<sup>4</sup>. The predominant driver of deforestation is agriculture, notably the trade of four key commodities: cattle products, palm oil, timber products and soy. With deforestation and forest degradation accounting for 15 percent of global greenhouse gas (GHG) emissions, tackling these issues is critical to sustainable development. In fact, it has been estimated that up to one third of the carbon mitigation efforts needed to avoid temperature rises below 2°C, can be achieved by addressing them<sup>5</sup>.

The Paris Agreement recognizes the role of forests in carbon mitigation and the Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, provide an outline to address deforestation and drive sustainable development. Two SDG goals explicitly

mention forests in their targets (SDG6 & SDG15), however the SDGs are designed to be “integrated and indivisible” across all 17 goals balancing economic, social and environmental development.

Private sector actors have a decisive role to play in fulfilling the SDGs<sup>6</sup> and CDP is working closely with these actors. CDP identifies through its network of over 650 investor signatories, with US\$ 87 trillion assets, that they are finding the SDGs a useful framework to fulfill their goals, consequently driving further corporate action as companies respond.

In 2017, 16 companies responding to CDP's forest questionnaire explicitly mentioned the SDGs, such as **Inditex** and the **Kellogg Company**. Using CDP data<sup>7</sup>, this policy brief focuses on how forests underpin SDG 15 and several of the environmental-focused SDGs.

### Compass



Stakeholders and investors have indicated their growing interest in supporting the Sustainable Development Goals and in response to this, Compass has focused on how our business can deliver towards the SDGs in the long term and at a global level.



### Iberdrola SA



IBERDROLA has incorporated the Sustainable Development Goals defined by the United Nations for the 2015-2030 horizon into the company's strategy and its sustainability policy.



1 IEED (2014) Sustainable Development Goals and forests. <http://pubs.iied.org/pdfs/G03846.pdf>

2 FAO (2015) Forests and poverty reduction. <http://www.fao.org/forestry/livelihoods/en/>

3 Ibid.

4 UN (2016) Progress towards the Sustainable Development Goals. <https://unstats.un.org/sdgs/files/report/2016/secretary-general-sdg-report-2016--EN.pdf>

5 International Sustainability Unit (2015) Tropical Forests: A Review. <https://www.pcfisu.org/wp-content/uploads/2015/04/Princes-Charities-International-Sustainability-Unit-Tropical-Forests-A-Review.pdf>

6 UN (Accessed on February 16, 2018) UN forum highlights ‘fundamental’ role of private sector in advancing new global goals. <http://www.un.org/sustainabledevelopment/blog/2015/09/un-forum-highlights-fundamental-role-of-private-sector-in-advancing-new-global-goals/>

7 Analysis includes 201 global company responses submitted through CDP's forests program in 2017 in response to a request for information on deforestation from investors.

# The link between forests and the SDGs



## Goal 15: Life on Land

*Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss*

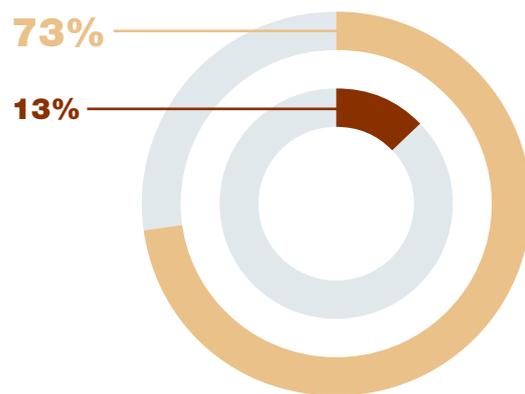
Life on Land is the SDG most obviously linked to forests, and halting deforestation by 2020 is central to its success. Companies have made one of the first steps towards achieving this goal – by making a pledge. In 2017, 73% of companies responding to CDP's forests questionnaire had already committed to reduce or remove deforestation and forest degradation from their operations.

However, for corporate action to be sufficient to drive the necessary change, it needs to be based on a time-bound zero (net) deforestation commitment that excludes high conservation value (HCV) land or land under conservation, high carbon stock (HCS) land or peatland from exploitation, and which requires the free, prior and informed consent (FPIC) of local people to any land-use activity that affects them. Only 13% of companies reporting via CDP have

made such robust commitments. The fact that most of the targets of the SDGs do not need to be met until 2030 may have reduced the sense of urgency felt by those companies that have not yet made material commitments. Alternatively, companies with more aspirational commitments may not yet have got to grips with the detail of what is really involved in removal of deforestation from supply chains.

However, commitments are not worth the paper they are written on if they are not implemented. CDP's forests data shows that while companies are taking action, this is not always enough to meet 2020 targets. As an example, while 84% of manufacturers and retailers state to work with their direct suppliers across commodities, only 3% offer them financial support – a critical mechanism to enable suppliers to change behavior in a meaningful way.

**Figure 1: Companies with a deforestation commitment vs companies with a robust deforestation commitment**



- Companies with a deforestation commitment
- Companies with a time-bound zero (net) deforestation commitment that do not exploit HCV or land under conservation, HSC areas or peatland and includes FPIC.

## Brambles

In 2016, Brambles set a goal of Zero Deforestation, in line with customer expectations of a sustainable outsourced supply chain solution. This is in line with the UN Sustainable Development Goal 15 Sustainable Forestry. We ensure communication on our goals and performance against targets is public and that we communicate the environmental benefits of the share and reuse of our solutions to our customers.



## Goal 6: Clean Water and Sanitation

*Ensure availability and sustainable management of water and sanitation for all*

Clean Water and Sanitation focuses on access to safe water and sound management of freshwater ecosystems. Target 6.6 aims to, 'by 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes'. Environmental scientists have shown that 75% of freshwater is dependent on forests<sup>8</sup> and

at least one third of the world's largest cities rely on protected forest areas for water supplies<sup>9</sup>, highlighting the critical nexus between water and forests - and the need to protect wetlands (which might also include forested areas). We find that some companies that reported forests data to CDP are also aware of this critical linkage.



### McCormick

Where practicable, we expect our agricultural suppliers to avoid any actions that lead to deforestation or degradation of wildlife habitats and freshwater systems, and to respect protected and high conservation areas as identified in the Ramsar List (wetlands) and the IUCN Category I-IV areas. This applies both to ongoing operations and to potential new production areas.

### Mondi PLC

Mondi recognises the need to protect the natural ecosystems where we work and together with WWF, we are developing an approach to "land and freshwater stewardship in production landscapes". [...] Our investments include supporting freshwater projects through the WWF Mondi Wetlands Programme and researching biodiversity management practices through the Mondi Ecological Networks Programme (MENP).

8 FAO (Accessed on February 27, 2018) "Forest and Water Programme". <http://www.fao.org/in-action/forest-and-water-programme/en/>

9 Stolton, S and Dudley, N. (Accessed on February 15, 2018) Managing forests for cleaner water for urban populations. <http://www.fao.org/docrep/010/a1598e/a1598e10.htm>

# The link between forests and the SDGs



## Goal 7: Affordable and Clean Energy

*Ensure access to affordable, reliable, sustainable and modern energy for all*

Access to energy, as well as improvements in energy efficiency, and increasing renewable energy deployment are addressed in this goal. Forests and energy are interlinked in diverse ways. For example, hydropower energy production depends on forests, and so deforestation can have a detrimental impact on the capacity of plants that produce this energy. This is due to erratic rainfall caused through deforestation, as well as increased erosion leading to silt clogging up reservoirs<sup>10 11</sup>.

Bioenergy production is dependent on forests too. Soy, palm oil, tallow and woody biomass are used for the production of biofuels. With government initiatives such as the EU's which requires member countries to have 10% of transport fleet come from renewable resources or with Indonesia pushing to have 30% of the biodiesel in the country from palm oil<sup>12</sup> it is important that energy is decoupled from deforestation. In 2017, 17% of companies reporting on timber stated they produced or used wood-based bioenergy.

### Sappi



Sappi is vertically integrated into forest products, pulp and energy. In terms of bio-energy, globally in 2016 Sappi's operations generated 52.9% of renewable energy from renewable sources – mainly from black liquor (75%) but also from sludges and biomass.



### SCA



Increased competition of wood fibre for biofuel as a result of regulations on fossil-fuel creates a business case for SCA, since we are able to source material from our own forests. In 2016, the outtake of biofuels from our own forest was 0.74 TWh. To reach our target of an outtake from our own forests with 2.7 TWh by 2020, we need to increase the outtake by around ~2 TWh. Calculating with a price of €30/MWh, this will lead to increased sales of €60 million.



<sup>10</sup> Worldwatch (2014) Haiti Sustainable Energy Roadmap. [http://www.worldwatch.org/system/files/Haiti-Roadmap-English\\_0.pdf](http://www.worldwatch.org/system/files/Haiti-Roadmap-English_0.pdf)

<sup>11</sup> Stickler et al., (2013). Dependence of hydropower energy generation on forests in the Amazon Basin at local and regional scales. <http://www.pnas.org/content/110/23/9601.full.pdf>

<sup>12</sup> Mongabay (Accessed on February 15, 2018) Biofuel boost threatens even greater deforestation in Indonesia, Malaysia: Study. <https://news.mongabay.com/2018/01/biofuel-boost-threatens-even-greater-deforestation-in-indonesia-malaysia-study/>



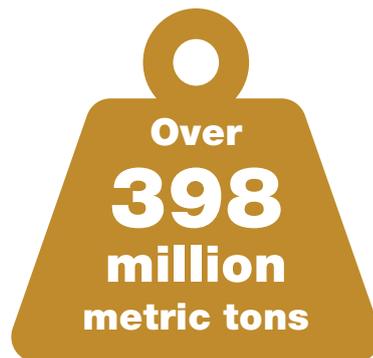
## Goal 12: Responsible Consumption and Production

*Ensure sustainable consumption and production patterns*

This goal explores the interconnectedness of the private and public sectors, specifically looking to 'encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle'. CDP forests data finds the majority of companies are incorporating sustainability into their policies. 86% of companies responding in 2017 collect their production and/or consumption data for at least one of their selected commodities. Aggregating this production and consumption data can be used to work out the material footprint and

material footprint per capita as per target 12.2.1. Over 398 million metric tons of consumption and production data for the four commodities is disclosed through CDP.

The sustainable production and sourcing of forest-risk commodities presents companies with business opportunities, such as increased brand value, increased security of supply and cost savings. Companies are aware of this, with 87% of companies reporting through CDP recognizing at least one opportunity.



**of consumption and production data for the four commodities is disclosed through CDP**

### Metsä Board

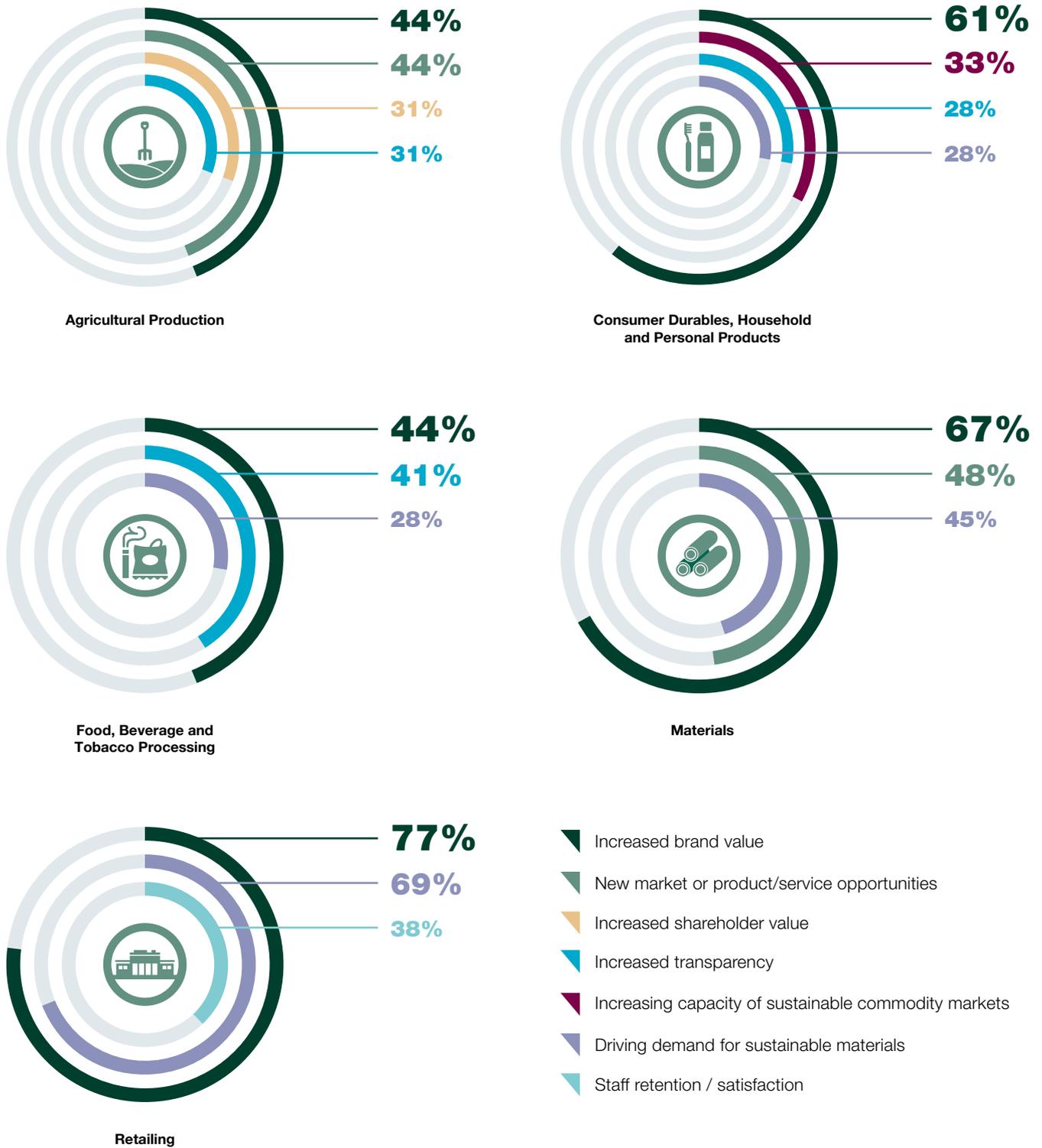


Wood as a continuously renewable and recyclable raw material offers good growth opportunities for businesses focusing on renewable packaging solutions hygiene products and wooden constructions etc. Our main operating countries (Finland, Sweden) have vast forest and abundant water resources, and since we use them responsibly, these will be available for generations to come... [...] Metsä Board is committed to the UN Sustainable Development Goals and has taken as special priorities for the company 'life on land', 'clean water and sanitation' and 'climate action'.



# The link between forests and the SDGs

Figure 2: Top opportunities reported by sector related to producing, marketing or sourcing commodities sustainably





## Goal 13: Climate Action

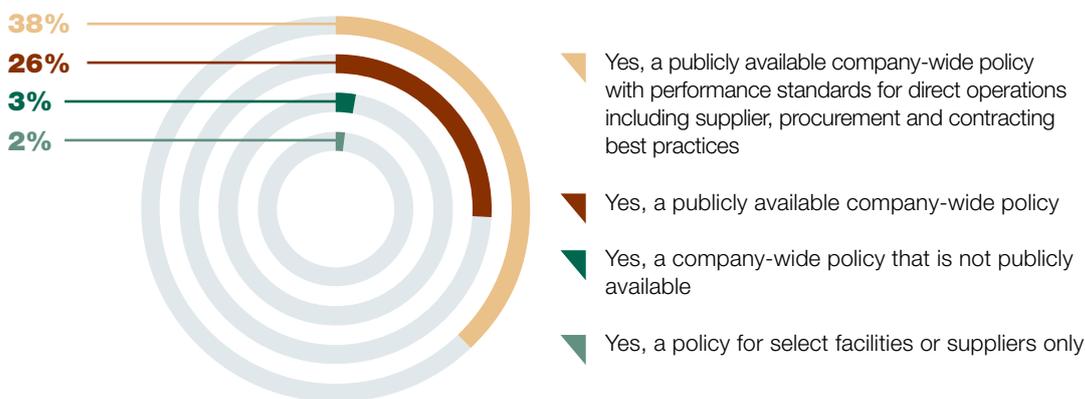
*Take urgent action to combat climate change and its impacts*

Climate change is directly linked to deforestation and forests degradation – better management of the world’s forests is crucial for both climate change mitigation and adaptation. Deforestation is currently accountable for contributing more CO<sub>2</sub> emissions than the entire transport sector<sup>13</sup>. However, forests offer a highly cost-effective means to reduce greenhouse gas emissions<sup>14</sup> in their role as natural carbon sinks. With improved management and reduced degradation, forests could represent 33% of the solution to avoid

a global temperature increase to above 2°C. Nature-based solutions such as the sustainable management of forests can also provide ecosystem benefits, for example they could support the conservation of half of all terrestrial biodiversity<sup>15</sup>.

Companies are increasingly becoming aware of both climate and forestry synergies, and 70% of companies in 2017 have some form of deforestation and climate change mitigation policy in place.

**Figure 3: Companies with a policy that recognizes the role of deforestation for climate change mitigation**



### Carrefour

Carrefour wanted to highlight the link between deforestation, agriculture and climate change. As an example, Carrefour published a good practices fact sheet on forest through the Solution COP21 website during the COP21 year. Also, Carrefour co-signed the “FSC Manifeste” calling governments to take decisions regarding forests protection and management in the world, highlighting the link between deforestation and climate change. Carrefour is also an active Member of the Consumer Goods Forum in the frame of which the Group supported the adoption of a specific objective: reach zero deforestation by the year 2020.

### Tetra Pak

Tetra Pak’s procedure for responsible sourcing of paperboard incorporates the latest legal requirements for information about the origin of wood and wood based products, in order to combat the negative effects of illegal logging. The procedure recognizes that forests have a significant role to play in climate change. The aim of the procedure document is to ensure that all our paperboard comes from forests which are under permanent forest cover so that any carbon released from forest management activities is re-absorbed by re-growth. The huge importance of forests in storing carbon – almost 50% of terrestrial carbon is in forests – as well as in regulating climate functions such as rainfall patterns, is now widely recognized.

<sup>13</sup> Greenpeace (Accessed on March 5<sup>th</sup>, 2018) Deforestation and climate change. <https://www.greenpeace.org.uk/what-we-do/forests/deforestation-climate-change/>

<sup>14</sup> Stern, N. (2006) Stern Review: The Economics of Climate Change. [http://mudancasclimaticas.cptec.inpe.br/~rmclima/pdfs/destaques/sternreview\\_report\\_complete.pdf](http://mudancasclimaticas.cptec.inpe.br/~rmclima/pdfs/destaques/sternreview_report_complete.pdf)

<sup>15</sup> Convention on Biological Diversity (Accessed on March 5<sup>th</sup>, 2018) Global Biodiversity Outlook 3. <https://www.cbd.int/gbo3/?pub=6667&section=6692>



## Recommendations:

**CDP's framework for action directly supports the SDGs through the asking and collecting of relevant company data. It can be used to track private sector implementation of targeted SDGs and enables companies to report on their success, making the SDGs and CDP's reporting platform mutually supportive.**

With the demand for beef, soy and palm oil expected to double by 2030<sup>16</sup>, it is important that these are not produced at the expense of forests. Therefore, it is crucial that the alignment between the private sector and the SDGs continues.

### **Going forward, CDP recommends that governments and policymakers:**

1. Integrate current calls to action and agreements on forest protection into implementation and measurement of the SDGs so that, for example, existing corporate commitments to remove deforestation from supply chains by 2020 are strengthened rather than weakened;
2. Better understand the linkages between forests and the other SDGs. Ensure that there is no fragmentation in different efforts through specific measures that do not take a landscape approach, or by creating conflicts within the forest-energy nexus; and
3. Encourage public-private partnerships to facilitate monitoring and measuring of SDG progress, such as CDP's corporate reporting platform which can be used to set norms in the voluntary sector, assess corporate performance against zero deforestation targets.

16 UNDP (2017) Major Players Get Ready to Put Sustainability at the Heart of Global Commodity Supply Chains. <http://www.undp.org/content/gcp/en/home/presscenter/articles/2017/08/29/major-players-get-ready-to-put-sustainability-at-the-heart-of-global-commodity-supply-chains.html>

# Appendix

## Analysis

### Overview

- There are 6 SDGs that CDP focuses on; these include SDG6 (Water), SDG7 (Energy), SDG11 (Cities), SDG12 (Consumption), SDG13 (Climate Action) and SDG15 (Ecosystems).
  - For more information on how the Forests, Water and Climate Change questionnaires map to the SDGs, please visit our [page](#) dedicated to the SDGs where a [Mapping Document](#) for 2017 has been produced.
  - Overall the 2017 Forests Questionnaire specifically addressed 3 of these SDGs in this document (12, 13, 15). This has helped to inform better SDG alignment for 2018 and future questionnaires.
  - In 2017, 13 targets and 13 indicators were aligned with 121 data points for forests.
  - Each question is analyzed on its relevance to the indicator and target;
    - 3 with high relevance,
    - 36 medium,
    - 7 low,
    - 75 indirect
  - The high number of indirect relevance is because the majority of indicators are measured at national level and CDP data relates to private sector actors.
  - A lot of the CDP data points will support the indicators and targets, but will need to be aggregated together to provide an input to the SDGs.
  - CDP data is important to governments to measure and monitor progress on the SDGs and their intended nationally determined contribution (INDC).
- By completing the Forests Questionnaire companies can:
- Via CDP, contribute private sector environmental data to inform national governments on progress (or lack of progress).
  - Help align business strategy with SDG6, SDG12, SDG13 & SDG15.
  - Provide content for case studies to support best practice in managing ecosystems.
  - Use the SDGs to give new impetus to sustainability initiatives within their organizations and involve employees, customers and supply chain partners in contributing to sustainable development.
  - Make linkages from forestry management with wider, holistic issues also covered by CDP including; water security, climate action, risk assessment etc.



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