

WHY NET ZERO NEEDS ZERO DEFORESTATION NOW

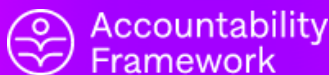
Initial research paper from the UN Climate Change High-Level Climate Champions, Global Canopy, The Accountability Framework initiative, WWF and the Science Based Targets initiative.

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Marrakech
Partnership



RACE TO ZERO



FOREWORD

Our forests and oceans are life's support system. They are the lungs of our planet, helping to regulate our climate, while directly supporting the livelihoods of over a billion people. The social and economic benefits of these services are estimated to be in the trillions.

Today, it's clearer than ever that there is no solution to climate change without a solution to tropical deforestation. Yet, despite recent efforts, deforestation increased by 12% between 2019 and 2021.

By protecting and restoring forests around the world, we can achieve 18% of the emissions cuts needed by 2030 to prevent catastrophic climate change. In doing so, we must ensure we protect and restore vital ecosystems while putting indigenous peoples and local communities at the heart of the solutions.

The forest, land and agriculture industries are critical to this. These sectors contribute 22 percent to global emissions, half of which come from deforestation driven by commodities providing food, fibre, feed and fuel. That's 12 times more than we generate from aviation, which means these companies have as big a role to play as those critical sectors such as energy, steel, and cement.

Put simply, zero deforestation is not an option but a strategic necessity for companies with land-based value chains to deliver on their net-zero plans. It's also vital for building resilience against the challenges we face including food security and the supply of other key commodities that billions rely on. That's why the Race to Zero in collaboration with key partners commissioned this new research to support and drive accelerated implementation.

It comes as the world begins to "call in" evidence of tangible progress against commitments, made in the run up to COP26 last year and ahead of COP27. The only currency that matters now is the quality and pace of delivery. We can and must ensure that yesterday's ambitious announcements will be fulfilled.

Time is shorter than most people think.

Expert partners like the [Accountability Framework initiative](#) have highlighted that to reach net zero the majority of commodity-driven land clearance and deforestation must be halted by 2025.

The good news is there are a small but growing number of companies that are leading the way and showing it's not only possible, but beneficial to the bottom line to deliver on deforestation commitments as a core component of reaching net-zero.

What's more the forthcoming methodology from the Science Based Targets initiative, specifically for companies with a footprint in the forest, land and agriculture sector, can help guide target setting and strategy. And the recently updated Race to Zero 'starting line' Criteria (3.0) calls for members to pledge to halt deforestation and protect biodiversity, making their activities consistent with climate resilient development.

But we need much more – all companies in the sector need to be committed to net-zero and tackling supply chain deforestation as a burning priority.

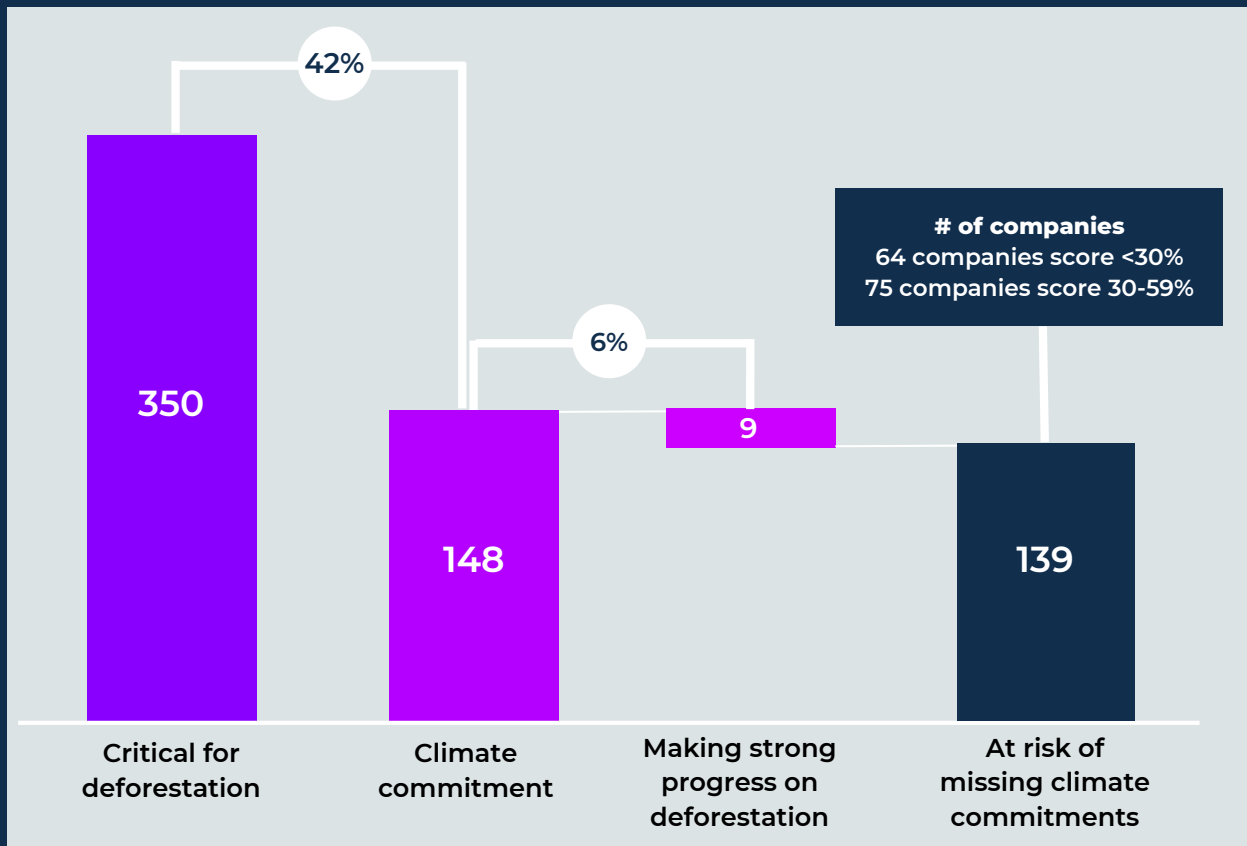
Now is the time to act to protect and restore our life-support systems, working alongside indigenous peoples and local communities, to achieve our net-zero and nature-positive future.



Nigel Topping
UN Climate Change High-Level Climate Champion

EXECUTIVE SUMMARY

New analysis shows over 90% of major forest, land and agriculture companies that have committed to net-zero could be at risk of missing their climate commitments due to a lack of action on deforestation.*



The world can't reach net-zero by 2050 without ending deforestation this decade:

- Agriculture, Forestry and Other Land Use contributes 22% to global emissions and half of that (11%) is from deforestation and land conversion (AR6 IPCC Working Group 3).
- And as forests are destroyed, we remove one of the world's biggest carbon sinks, too. Every year, around one-third of all the CO₂ released is absorbed by forests. (Goldstein et al., and IUCN).
- To keep the chance of 1.5°C alive, all deforestation must end urgently with the majority of commodity-driven land clearance halted by 2025 (AFI), and all land use change eliminated by 2030 (IPCC).

*For full explanation of methodology, please see second section below on page 7.

Companies involved in forest, land and agriculture (FLAG) are at the forefront of climate action.

Around 60% of total deforestation is caused by agricultural commodities production, which predominately occurs in the operations and supply chains of major FLAG companies (Pendrill et al., 2019 and Curtis et al., 2018).

That's why more and more FLAG companies are committing to net zero. Today, new analysis shows over 40% (148 companies) of the Forest 500 are committed to net zero, a near 5 times increase (480%) from 2 years ago.

The world now needs confidence that there will be an immediate shift to implementation to deliver these ambitious commitments.

For FLAG companies to get to net zero, a deforestation-free supply chain is critical, which is why the Race to Zero in collaboration with key partners such as Global Canopy, The Science Based Targets initiative, and The Accountability Framework initiative has undertaken new research into companies' progress on deforestation to support and drive accelerated implementation.

Of those 148 major forest, land and agriculture companies who have committed to net zero, the analysis reveals that just 9 (6%) are making strong progress on deforestation today based on scores from the in-depth Forest 500 assessment.

That means the vast majority (94%) of the major forest, land and agriculture companies who have committed to net-zero are currently at risk of missing their climate commitments due to a lack of action on deforestation.

The analysis also shows that on average companies in the Race to Zero perform over 15% better on Forest 500 scores than those not in the Race to Zero.

But this is clearly not enough.

The Race to Zero and key partners are therefore accelerating efforts to support and drive greater action on deforestation, with a focus on mobilising critical FLAG-sector companies to lead the way.

Race to Zero has recently completed its third, largest international consultation to update its criteria for members. A major outcome of this was cementing nature's place in the race, in particular in the campaign's leadership practices, which now ask members to:

1. Pledge to halt deforestation and protect biodiversity, making their activities consistent with climate resilient development.
2. Pledge to make their finance and investments consistent with climate resilient development, including ending deforestation and conversion of other natural ecosystems, and respecting biodiversity.

SBTi is also releasing a new FLAG Framework to enable businesses in forest, land and agriculture sectors to set science-based targets that fully incorporate land-related emissions and removals.

We encourage companies in these sectors and other interested stakeholders to participate in the process:

- Read the draft guidance
- Commit to setting a target
- Send an email to join the FLAG mailing list for updates

For more information please go to the [SBTi website](#).

METHODOLOGY: DEFINING POWERBROKERS' PERFORMANCE ON DEFORESTATION

Agricultural conversion for key commodities like beef and leather, soy, palm oil, timber and pulp and paper drives around 60% of deforestation, which means companies in the forest, land and agriculture sectors have a critical role to play in helping to achieve the dual objective or reaching a net-zero and nature-positive future.

To support and drive progress towards these goals, we wanted to understand how many of these critical forest, land and agriculture companies had committed to net zero, and of those who had, what progress they were making on deforestation to help achieve their net-zero commitment.

The process began by identifying those companies which are most critical to deforestation today. To do this we used the [Forest 500](#), which identifies the 350 companies with the greatest influence on tropical deforestation which is central to the challenge, based on their exposure to forest-risk commodities. The selection of the Forest 500 is based on two criteria:

1. Risk of being linked to tropical deforestation through involvement in or potential exposure to forest risk commodity supply (FRC) chains;
2. Influence within the political economy of tropical deforestation. Forest 500 focuses on the six highest forest-risk commodities: soy, beef, leather, palm, timber, and pulp and paper.

For more information on how the Forest 500 identify the companies, please [visit their website](#).

From here, we looked to understand how many of the Forest 500 companies have committed to net zero.

To do that we used data from the Race to Zero membership, the SBTi signatory database and the Net Zero Tracker as data sources for climate commitments and then cross referenced these companies with the Forest 500 database. To focus on the most robust climate commitments, we filtered out all those which were not either explicitly 1.5 degrees aligned or with a net zero by 2050 at the latest commitment.

This showed that 42% of the Forest 500 have set a net zero or 1.5°C aligned commitment. That means the majority of the companies critical for tackling deforestation (58%) are yet to even commit to net-zero - a vital first step for the collective efforts to guide progress.

We also looked at the change in these climate commitments over time, which revealed that there had been a nearly 5 times increase (480%) from just 2 years ago, demonstrating the overwhelming momentum towards net zero which has become the organising principle for the world economy.

Of those companies who do have a net zero or 1.5°C aligned commitment, we then looked into their progress on deforestation by referring to the Forest 500 scoring. The Forest 500 scoring methodology is [detailed in full here](#), and is aligned with the Accountability Framework's Common Methodology.

The Accountability Framework initiative outlines best practice for companies operating in forest-risk supply chains, including key steps in setting and achieving no-deforestation goals and information which companies in forest-risk supply chains should report to demonstrate progress toward achieving deforestation-free supply chains.

The first Forest 500 methodology was created in 2014, and has been reviewed annually by [Global Canopy](#) and external experts working on these issues, to ensure that it continues to reflect best practice in company action on deforestation and associated human rights issues.

Companies are scored across four key assessment areas:

- Overall approach
 - Total score for non-commodity specific indicators, including action on land-use change emissions
- Commodity score
 - Total score of commitment strength, reporting, implementation and social considerations as an average for all the company's commodities. Made up of:
 - Commitment strength: Total score for type, scope and ambition of a commodity commitments
 - Reporting & implementation: Total score for reporting and implementation against commodity commitments
 - Social considerations: Total score for social consideration addressed with the commodity commitment

The overall approach is assessed once per company, with the three remaining commitment areas assessed once for each forest-risk commodity the company is exposed to through their supply chains.

50% of the available scores in Forest 500 are for the company's implementation and reporting progress, meaning the overall score provides a strong indicator of tangible progress and implementation on deforestation.

Based on a review of the scores and extensive experience assessing companies' performance on deforestation, research partners including Global Canopy and the Accountability Framework Initiative discussed and agreed a credible threshold for 'strong progress' and set this at 60%. This is also the threshold for a company to score 4/5 in the Forest 500 ranking.

Only 6% of the companies in the Forest 500 with net zero and 1.5 degree aligned commitments scored over the 60% threshold.

Given the critical role of deforestation in the emissions of these companies, this means that 94% of the companies are at risk of missing their climate commitments due to insufficient progress on deforestation.

