

Towards a deforestation-free investment policy

Advice to ABP

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Aims

- Briefly explain why (zero) deforestation is important
- Give recommendations how ABP can do differently
- Our role: representatives of the 545+ signatories from Wageningen UR employees



1. Introduction: Deforestation in the Amazon

- Commodity-driven deforestation a major threat to life on earth
 - In Latin-America, beef & soy major main drivers of deforestation
 - Deforestation affects the functioning of the Amazon forest
 - Land-use changes reinforce global climate change, leading to positive feedbacks that reduce forest resilience
- > crucial tipping point being approached!



1. Introduction: Cattle & soy driven deforestation

- Brazilian agricultural lobby weakened forest protection laws and implementation
- Beef traders such as Marfrig and JBS unilaterally stopped deforestation moratorium in Pará State
- Agricultural & animal production can be maintained without new deforestation
- Not halting deforestation is a risk to investments now and in the long-term



2. Effective approaches to Zero Deforestation (ZD)

- Memberships of partnerships promoting ZD approaches and/or making ZD pledges not been very effective
- A performance review of investments after 5-year period does not prevent deforestation
- Legal interpretations of due diligence do not account for corruption and lack of law enforcement



[Ingram, Behagel et al 2020](#), [Wardell et al 2021](#)

2. Effective approaches to ZD

Criteria for zero-deforestation investments:

1. Include **baselines** and **(de)forestation definitions**
2. **Deforestation & degradation of high conservation value** (HCV, HCS, native & old-growth) **forests is prevented** from a baseline.
3. **Effective governance** of production systems, ecosystem services and value chains
4. **Multiple & collective action**
5. **Market benefits** of ZD
6. Ensure **smallholder participation, support** and **fairness**
7. **No leakage**
8. **Free, Prior and Informed Consent (FPIC)**
9. **Transparency, monitoring and accountability**
10. Policies consider **effectiveness, efficiency** and **equity**

2. Effective ZD approaches

Effective approaches consist of:

- **Combined approach** - regulatory & certification, aligned with corporate pledges and legality-based approaches
- **Clear definitions** of 'forest', 'deforestation' & cut off dates across regions and commodities
- **Sensitivity** to geographical context of production regions & commodity(ies)
- **Public and private governance** arrangements on ZD – including enforcement of regulations and legacy issues, e.g. land tenure

2. Effective ZD approaches

...for shareholders & investors consist of:

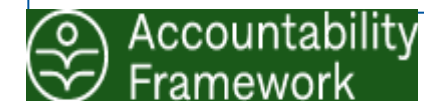
- Collaborating with governments to preference **sustainable standards & clarify ZD standards**
- ...with markets & investors to **use sticks & carrots** to change corporate behaviour
- Require major, sensitive & poor track record companies to commit to **ZD standards**, be **transparent** and **monitor performance**
- Replace management boards if record.
- Require **CSR reporting & publicly verifiable commitments to ZD**
- (Co)-invest in **traceability and monitoring**
- Actively **monitor corporate performance**: ABP / service providers



Monitoring of the **Andean Amazon** Project

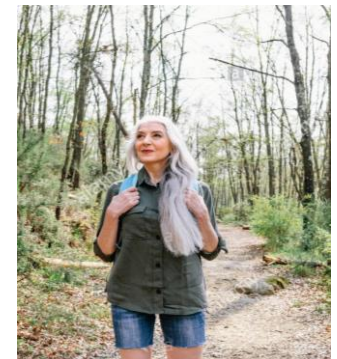
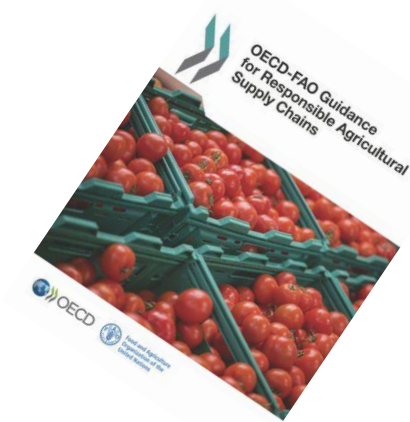
Aligned Accountability project

Global Canopy, ZSL, Trase,
Accountability Framework
Initiative



3. Why act?

- Our common heritage and our future!
- ABP has significant leverage as an institutional investor to address commodity-driven deforestation
- ABP has an ambitious *Sustainable and Responsible Investing 2020-2025 policy* and can benefit from showing stronger environmental leadership
- Supportive public and political climate
- Change is possible: Norway pension funds!
- Financial and indirect reputational risks if do **not** act
- WUR happily contributes our expertise to explore the potential of nature to improve the quality of life **and** a healthier pension



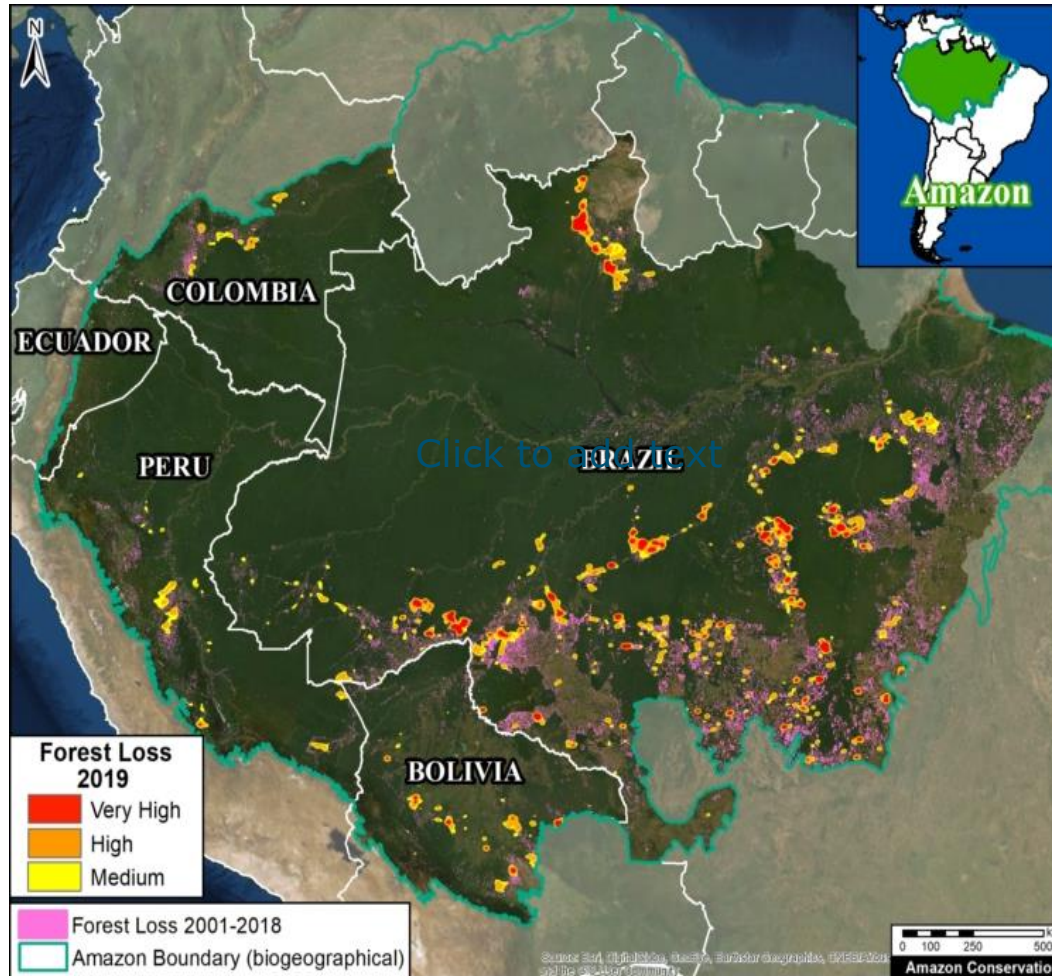
4. Recommendations to ABP

1. Change investment policy for **investments** in agricultural, mining or infrastructure with a high deforestation risk only if essential according to **SDGs** and when a verifiable, public, **reforestation/afforestation plan***, by 31 December 2022
2. Formulate SMART targets in **ABP's Sustainable & Responsible Investment Policy** for ZD caused directly and indirectly (in value chains) of investments, by 31 December 2021.
3. **Engage directly** with JBS, Marfrig and Minerva to implement ZD
4. Anticipate **due diligence policy on deforestation** at EU level, with prior implementation.
5. Review **current compliance** with international due diligence and international human rights conventions, especially violations resulting from land grabbing and deforestation, and take action where necessary.
6. Taking account of *effective ZD approaches*, **publish** ABP's new position on direct & indirect deforestation via investments in companies and their value chains (prevention and remedial actions) with **clear standards, monitoring and compliance actions** explained in a factsheet/position paper, by 31 December 2021.
7. **Collaborate** with governments to favour preferential market access for ZD compliance, with clear standards.
8. Show **leadership** and **engage more** with commodity markets, stakeholders and other shareholders & investors to change corporate behaviour of investments
9. If current shareholdings don't comply, **divest** from agricultural, mining or infrastructure construction projects with a proven or expected contribution to deforestation assessed as high-risk, by 31 December 2022.

What next ?

- What commitments can you make and when?
- Finding answers together - how can we support?

Questions ?



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