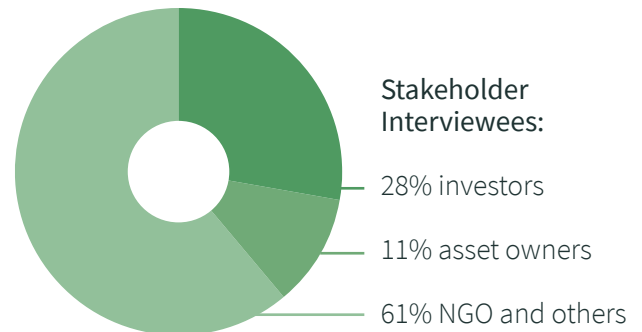


2021

SYSTEM VISIONING

In order to “see the whole system” well enough to seek change, we had to expand our perspective. To understand the dynamics causing unsustainable outcomes within the forest system and possible solutions, we initially conducted 18 interviews with a wide range of stakeholders. Interviewees included investors, asset owners, and representatives and researchers from NGOs and think tanks. Overall, stakeholders’ responses solidified our hypotheses about the leverage points for positive change in the global forest system and crystallized our understanding of forest-related themes.



FOREST SYSTEM THEMES

To figure out where to focus our efforts, we identified leverage points or solution areas that must be addressed within global forest systems. These themes are areas where either paradigms, metrics, behavior, or other elements must be transformed for the system dynamics impacting forests need to change. We distilled our major themes from this interview process and desk research. We then used these findings to guide our next step: the development and analysis of possible tactics and targets.



THEME 1 RESPONSIBILITY FOR LONG-TERM SYSTEM HEALTH:

A sophisticated and targeted business case will help illustrate why it is in investors’ and corporations’ long-term interest to preserve and enhance forest value.

Theme 1A, Metrics Measuring Forests’ Price-based and Inherent Values:

Ecosystem services and other value from forests are not well developed, either as translated into price or through an understanding of their inherent worth in climate mitigation and other difficult-to-value services such as biodiversity. Values of these sorts are therefore not sufficiently accounted for investment decision-making. Metrics and evaluation techniques able to capture these values could impact crucial investment decisions that affect forests.



THEME 2 DEMAND – EMERGING MARKET AND SUSTAINABLE SUPPLY CHAINS:

Most corporate challenges relating to forest-risks and rewards arise in the context of consumer-facing companies and these challenges impact companies primarily through reputational risks. Consumer demand for forest-friendly products can help address both these companies’ reputational risk and aid in the minimization of longer-term operational risks. The future of consumer demand in emerging markets will play a crucial role in this regard. Additionally, to reach smaller private companies down the supply chain, corporations must increase their demand, and set high sustainability and reporting standards, for forest-positive practices on the part of their suppliers.

Theme 2A, Transparency and Disclosure:

A major avenue for improving and scaling forest positive practices is increased reporting of higher-quality, decision-useful data.



THEME 3 DUE DILIGENCE ON FINANCING AND LENDING:

Those financial institutions engaged in project lending can exercise strong leverage to demand site-specific information on deforestation and forest-related practices (FPIC). Encouraging sound sustainability practices at the project level is key to seeking deforestation-free supply chains leveraging the power of finance.



THEME 4 GOVERNANCE – ILLEGALITY, LAND RIGHTS, AND ENFORCEMENT:

Investors can support and help create an enabling environment for rules and regulations that support no-deforestation policies and practices. Governments have a major role to play in securing land tenure for Indigenous people and small holders, helping prevent deforestation. A major portion of deforestation is illegal. Investors and companies can support enforcement of efforts to end illegal deforestation but cannot tackle it directly on their own.



THEME 5 POSITIVE IMPACT AND SOLUTIONS:

Most corporate and investor work on forests has focused narrowly on improved practices relating to a single forest-risk commodity, such as beef, soy, palm oil, and timber, and on mitigating harm rather than creating positive impact. Sustainable forest management solutions that go beyond halting deforestation and degradation to reforestation and positive impacts on biodiversity and climate are also essential. Examples of sustainable forests and solutions such as a jurisdictional/landscape-level stewardship approach and effective deployment of natural climate solutions (NCS) are needed.

ASSESSING THE FULL SCOPE OF TACTICS AND TARGETS

To rigorously assess our means to effect change, we created a matrix of possible strategies. We analyzed how general tactic types could be applied to influence key stakeholders. This analysis allowed us to explore a variety of opportunities and consider creative possibilities. We rated strategies by various criteria, including difficulty of implementation and previous experience. The wide range and number of options, while clearly not all possible or appropriate to carry out ourselves, provided starting point for developing an effective strategy that could also be used by other actors to influence deforestation dynamics.

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