

Taking Action to Halt Tropical Deforestation With The LEAF Coalition - Corporate Perspectives



The LEAF Coalition, launched during the Leaders Summit on Climate in April 2021, is an initiative that aims to accelerate climate action by providing results-based finance to countries committed to protecting their tropical forests.

The LEAF Coalition
Lowering Emissions by Accelerating Forest finance

LEAF has already created one of the biggest demand signals - more than \$1 billion so far - for emissions reductions generated through large-scale forest protection efforts at the national or sub-national level - known as the jurisdictional approach. With support to date from three donor governments (Norway, UK and US) and over 20 global corporations from a range of sectors and industries, LEAF is expected to become one of the largest ever public-private efforts to end deforestation.

The LEAF approach brings a number of innovations. These include:

- Adoption of the ART/TREES standard for jurisdictional REDD+ emissions reductions, ensuring the highest levels of integrity and transparency
- Stringent demand-side criteria for LEAF corporate participants, including the need to publicly commit to science-based targets, set 2050 net-zero targets across scope 1, 2 and 3, and join the UN Race to Zero
- Clear rules that require purchasers to publicly disclose how credits are used and that limit the resale of credits
- Floor price guarantee supported by sovereign participants.

About This Report

Emergent acts as the administrative coordinator of the LEAF Coalition. We recently asked a group of LEAF Coalition corporate participants what motivated them to join. Five key themes emerged in their responses, highlighting both core shared values, as well as a variety of perspectives on how LEAF specifically supports corporate climate and nature action.



1/Taking climate action by protecting tropical forests

Tropical forests around the world are under threat. The world lost nearly 4 million hectares of primary tropical forest in 2021, an area roughly the size of Switzerland¹. Ending tropical and subtropical forest loss this decade is a crucial part of meeting global climate, biodiversity and sustainable development goals. One of the main reasons why corporations joined the LEAF Coalition was to protect tropical forests, recognizing this as one of the biggest opportunities for climate action in the coming decade.

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BCG

“ The world’s forests – which today cover 30% of the earth’s land surface – are an incredibly valuable resource, storing carbon, purifying water and air and safeguarding biodiversity. Our research at BCG estimates that the total value of the world’s forests is as much as 150 trillion US dollars, the majority of that value coming from forests’ ability to regulate the climate. Achieving net zero globally hinges on our ability to protect this vital resource. Not only is this crucial for our climate, protecting the world’s forests is essential to preserving biodiversity and the ecosystems we all ultimately depend upon.

Jesper Nielsen, Managing Director & Senior Partner, Global Leader, Sustainable Finance and Carbon Markets



McKinsey & Company

“ Our research shows that achieving a 1.5°C pathway would require nearly halting deforestation by the end of this decade. In fact, while forests have tremendous potential to sequester carbon, deforestation is currently among the largest drivers of greenhouse gas emissions. That’s why we became an initial participant in the LEAF Coalition, which aims to become one of the largest ever public-private efforts to protect tropical forests.

Jop Weterings, Expert Associate Partner, Sustainability



E.ON

“ E.ON acknowledges that there is no 1.5°C path without halting deforestation. Within our own operations, we already committed to protecting European forests. As one of Europe’s largest operators of electricity distribution networks, we’re going to create valuable biotopes under 13,000 kilometers of our high-voltage lines in forested areas. That’s an area the size of 100,000 football pitches. Ecological powerline corridor management will make an important contribution to healthier ecosystems and greater biodiversity throughout Europe. However, protecting tropical forests is – at least – evenly important.

David Radermacher, Vice President Sustainability and Climate



SAP

“ As SAP accelerates its transformation to a net-zero company, new approaches to avoid, reduce, and compensate greenhouse gas emissions must be embraced. The LEAF Coalition aims to finance large-scale tropical forest protection, which can contribute to SAP’s efforts to meet its 1.5°C science-based target, protecting crucial forest ecosystems and creating positive environmental, economic, and social impact worldwide. We are committed to being part of the solution to climate change.

Luka Mucic, CFO and member of the Executive Board



Unilever

“ Ending tropical deforestation by 2030 is a crucial part of meeting global climate, biodiversity and sustainable development goals. Protecting tropical forests offers one of the biggest opportunities for climate action in the coming decade. The motivation behind LEAF, which Unilever is aligned to, is to raise global climate ambition and contribute to tropical forest protection.

Thomas Lingard, Global Sustainability Director – Climate and Environment



Airbnb

“ Tropical rainforests hold 250 billion tonnes of carbon, a third of the world’s remaining 1.5°C carbon budget, according to LEAF. Saving them is vital in the efforts to tackle climate change.

Ameet Konkar, Head of Sustainability



Amazon

“ We believe that working together with the LEAF Coalition can mobilize the funds needed to combat deforestation at a large scale by supporting government policies, which are crucial for sustaining long-term reduction in deforestation.

James Mulligan, Senior Scientist



2/ Driving change at scale with collective action

LEAF brings together the private sector and governments to provide finance for tropical and subtropical forest conservation commensurate with the scale of the climate change challenge. It comprises three national governments and more than 20 corporate participants with the prospect of many more to come. For many corporations, the opportunity to come together to drive action at scale was an important factor.

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BCG

“ We believe that solving the most complex climate and sustainability challenges requires cross-sector collaboration. By unleashing both private and public finance, while deploying the authority of governments to regulate and enforce land use, the jurisdictional approach proposed by LEAF can help achieve large-scale and long-lasting forest protection by directly addressing the fundamental drivers of tropical deforestation.

Jesper Nielsen, Managing Director & Senior Partner, Global Leader, Sustainable Finance and Carbon Markets



E.ON

“ At E.ON we are convinced that we need to bring powerful actors across various industries together to facilitate sustainable change. This is why we support the participative approach of the LEAF Coalition. We set the guardrails for large-scale forest protection and impact project quality together with many other public sector corporations. Thus, we contribute with combined force to higher standards in the offset market. The vital exchange with other LEAF members also brings additional value for our own sustainability approach.

David Radermacher, Vice President Sustainability and Climate



Amazon

“ Amazon supported the creation of the LEAF Coalition in order to bring together companies and countries to galvanize funds to support high quality carbon offsets in tropical countries. Working together we are able to send a signal to the market of the demand for these offsets and support a new phase of the voluntary market.

James Mulligan, Senior Scientist



Salesforce

“ At Salesforce we are committed to using our full power for the planet. But we can do so much more together. Trusted collaboration is going to be critical if we're to succeed in meeting the urgency of the intertwined climate and biodiversity emergencies.

Tim Christophersen, VP of Climate Action



Bayer

“ The climate emergency we are facing calls for a different mindset, new collaborations and bold action. In this spirit, Bayer proudly joined the LEAF Coalition as a founding member in April 2021.

Werner Baumann, CEO



McKinsey & Company

“ We work side by side with the governments of Norway, the UK and the United States as well as a number of leading private sector companies and we invite all of our clients to join us.

Jop Weterings, Expert Associate Partner, Sustainability



3/ Investing in high-quality emissions reductions from jurisdictional programmes

Jurisdictional-scale programmes offer some of the strongest assurances of environmental and social integrity, especially because they require accounting for the actions of all the actors across a jurisdiction. Many corporations who joined LEAF recognize that this approach addresses crucial issues such as additionality, leakage and reversals, contributing to the quality and integrity of emissions reductions. Focusing at the jurisdictional level was also viewed as having the potential to drive broad-reaching policy changes that can benefit Indigenous Peoples and local communities and address the underlying incentives behind deforestation.

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Amazon

“ Across all of our investments in nature-based solutions, Amazon aims to increase the quality and supply of high-integrity carbon credits. We are seeking to catalyze a sea change in the environmental integrity of the voluntary carbon market by taking a principled and innovative approach in our carbon credit investments, sending a clear demand signal to the market for high-quality credits; while helping and encouraging other companies to join us. We also seek to partner with jurisdictions that are committed to full and effective participation by stakeholders, especially Indigenous peoples and local communities, and respect for their rights.

James Mulligan, Senior Scientist



E.ON

“ E.ON strongly supports the approach of jurisdictional emission reduction programmes. We believe that especially government-led, large-scale initiatives can initiate long-term political change towards forest protection. Projects on a jurisdictional level pave the way towards unification of standards in project reporting, baseline setting and emission reduction calculation.

David Radermacher, Vice President Sustainability and Climate



BCG

“ The jurisdictional approach promises to mitigate key challenges to the integrity of forest based carbon crediting such as leakage and inaccurate baselining that can sometimes be encountered with project-based REDD+.

Jesper Nielsen, Managing Director & Senior Partner, Global Leader, Sustainable Finance and Carbon Markets



4/ Supporting nature and people goals

Tropical forests are home to around 80% of the world's documented species, they drive numerous Earth systems, such as rainfall patterns, provide clean air and water, directly support millions of people, including Indigenous People and local communities, and provide the genetic material for many modern medicines. Many LEAF companies view these benefits as an opportunity to go 'beyond carbon' and contribute to wider goals.

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Bayer

“ Bayer aims to achieve climate neutrality at all its own sites by 2030. To attain that target, we intend to reduce by the end of 2029 our own emissions by 42% relative to the reference year of 2019. The remaining emissions will be offset. For us, it is important that these projects have a connection to nature. Here as well, we have established specific criteria for our own procurement of certificates from climate protection projects. In this process, we focus on nature-based climate solutions, preferably concerning forestry and agriculture projects.

**Helga Flores Trejo, VP,
Head International Public Policy**



Airbnb

“ We will invest in high-quality nature-based offsets that protect the natural world and the communities that rely on it, including as part of our participation in the LEAF Coalition.

Ameet Konkar, Head of Sustainability



Walmart
Foundation

“ The LEAF Coalition's focus on protecting tropical forests aligns with our commitment to regeneration and Walmart and the Walmart Foundation's goal to help protect, restore or more sustainably manage 50 million acres of land, and one million square miles of ocean by 2030. The LEAF model helps bring investment in conservation and restoration activities at the jurisdictional level to scale – and enables nature-positive practices as a result.

Julie Gehrki, Vice President



McKinsey
& Company

“ The Coalition works with a rigorous methodology, including strong social safeguards to protect the rights of Indigenous People and local communities.

**Jop Weterings, Expert Associate Partner,
Sustainability**



E.ON

“ As an exclusive corporate partner of UNEP's decade on ecosystem restoration, joining LEAF is also part of our agenda to protect ecosystems such as the ecological corridor management under our high-voltage lines in forested areas. Within our sustainability strategy, we also prioritize rights of local people. This goes for the people along E.ON's supply chain as well as for supporting social value creation within emission reduction projects. We therefore support the focus of the ART TREES standard on social safeguards.

**David Radermacher, Vice President
Sustainability and Climate**



GSK

“ We believe the LEAF Coalition offers an effective and credible mechanism to have real and systemic impact on climate, nature and health.

**Adele Cheli, Partnerships & Strategy
Director, Environmental Sustainability**



5/ Achieving synergies with deforestation-free commitments

A number of LEAF members have been working to eradicate deforestation from their supply chains for many years. By tackling the causes of deforestation at scale via the jurisdictional approach, the LEAF Coalition supports these long-term efforts.

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Bayer

“ Within the framework of its activities to protect the forests, Bayer is a participant in the LEAF Coalition. LEAF mobilized more than US\$1 billion in 2021 to initiate the biggest public-private effort to protect the rainforests. We clearly advocate enforcement of the corresponding laws to protect the Amazon rainforest. That also includes driving forward the sustainable intensification of agriculture in Brazil to prevent further deforestation. Certificates from activities undertaken in connection with LEAF are expected to be part of our credits portfolio beginning in 2023.

Matthias Berninger EVP, Head Public Affairs, Science, Sustainability & HSE



Unilever

“ For nearly two decades, Unilever has been involved in industry efforts to eliminate deforestation from commodity supply chains. We have learned that individual actions alone – however bold – will never drive system change. Collective action is needed for real impact. The launch of the LEAF Coalition today provides fresh hope that we can end deforestation at scale and get the world on track for the 1.5°C goal of the Paris Agreement.

Thomas Lingard, Global Sustainability Director – Climate and Environment

Emergent
Protecting forests, beyond net zero.

Join us to halt tropical deforestation

The \$1 billion, mobilized by LEAF Coalition participants in the first year alone, shows the growing sense of commitment among corporations to taking additional action outside their value chains to help protect the world's forests.

The feedback from corporations in this report illustrates the wide variety of ways that protecting forests can support different climate and sustainability strategies, and we are confident that many more corporations will join us in taking action in the coming months and years.

To find out how your business can join the fight to end deforestation visit www.leafcoalition.org or contact leafcompanies@emergentclimate.com

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