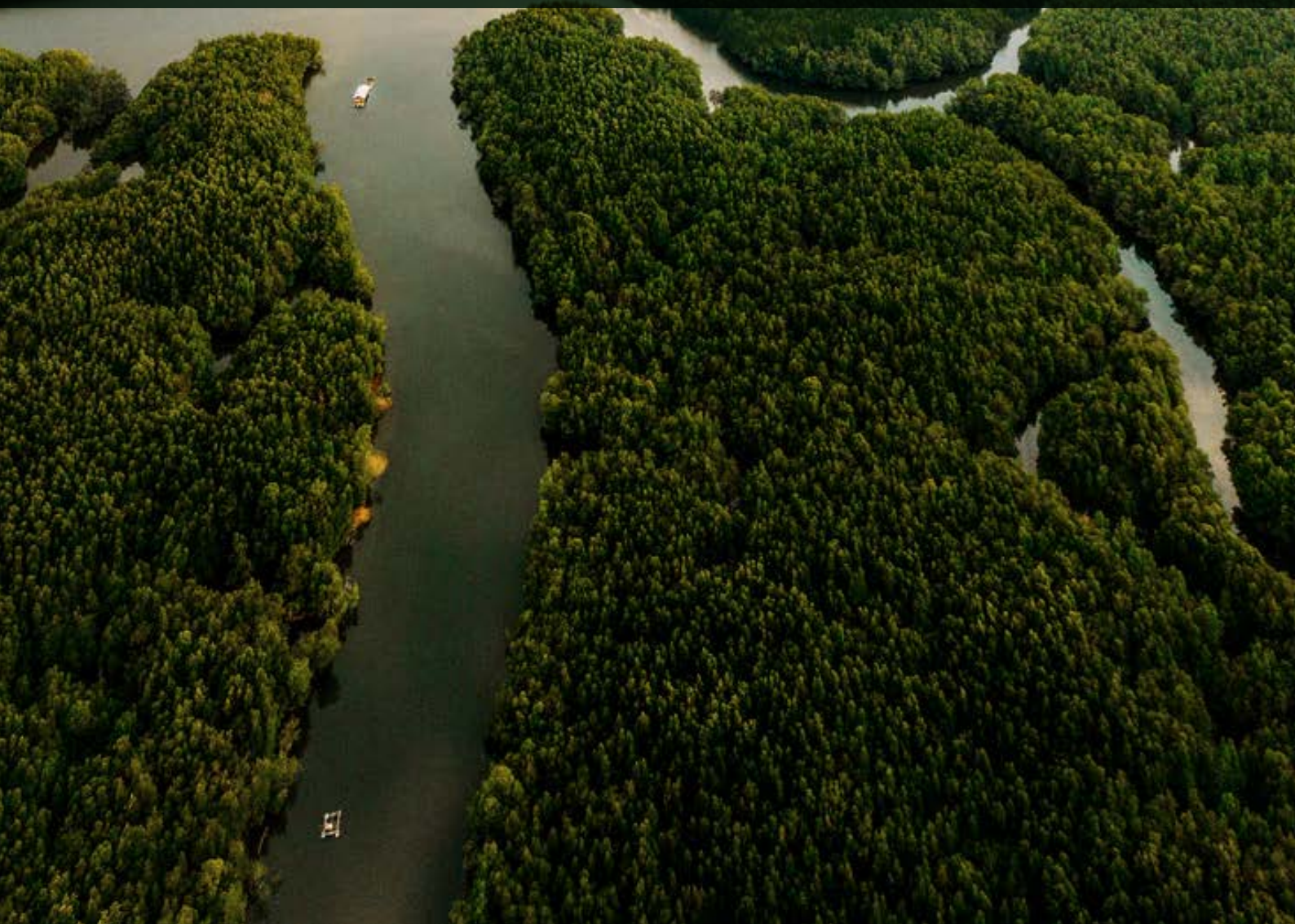


Disclosing Nature's Potential

Assessing corporate readiness for nature-based solutions in forest ecosystems

November 2022





Contents

04	Foreword
06	About this brief
07	Nature-based Solutions: the opportunities, risks and the role of policy
12	NbS and CDP's forests data
15	Examining corporate preparedness for forest-related NbS
20	Recommendations for policymakers
22	Reference

Important Notice

The contents of this report may be used by anyone provided acknowledgment is given to CDP. This does not represent a license to repackage or resell any of the data reported to CDP or the contributing authors and presented in this report. If you intend to repackage or resell any of the contents of this report, you need to obtain express permission from CDP before doing so.

CDP has prepared the data and analysis in this report based on responses to the CDP 2021 questionnaires. No representation or warranty (express or implied) is given by CDP as to the accuracy or completeness of the information and opinions contained in this report. You should not act upon the information contained in this publication without obtaining specific professional advice. To the extent permitted by law, CDP does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this report or for any decision based on it. All information and views expressed herein by CDP are based on their judgment at the time of this report and are subject to change without notice due to economic, political, industry and firm-specific factors. Guest commentaries where included in this report reflect the views of their respective authors; their inclusion is not an endorsement of them.

CDP, their affiliated member firms or companies, or their respective shareholders, members, partners, principals, directors, officers and/or employees, may have a position in the securities of the companies discussed herein. The securities of the companies mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors; their value and the income they produce may fluctuate and/or be adversely affected by exchange rates.

'CDP Worldwide' and 'CDP' refer to CDP Worldwide, a registered charity number 1122330 and a company limited by guarantee, registered in England number 05013650.

© 2022 CDP. All rights reserved.

Foreword



Pietro Bertazzi

Global Director,
Policy Engagement &
External Affairs



Thomas Maddox

Global Director,
Forests and Land

We are running out of time. To have a chance of stopping catastrophic climate change and halting devastating environmental degradation, we must halve global greenhouse gas emissions and reverse nature loss by 2030. Whilst historically siloed, it is now widely accepted that the climate and nature crises are interconnected: they are mutually reinforcing crises that must be tackled together.

United Nations Secretary General António Guterres highlighted this at the 2019 Climate Action Summit. In 2021, at COP26, nature had a seat at the table for the first time at a climate COP. There, ambitious pledges were made from governments and corporates to halt deforestation. As we look forward to the implementation of the Global Biodiversity Framework, a global deal for nature, we urge governments to put nature at the top of their agendas.

As the issue of nature has risen up the agenda of government policy and corporate boardrooms, much attention has turned to what are referred to as Nature-based Solutions (NbS): actions to protect, sustainably manage, or restore natural ecosystems, that

address societal challenges such as climate change, human health, food and water security. Whilst such a spotlight is welcome, it has brought to the fore an incorrect narrative: that NbS are a suitable replacement for decarbonization. Many corporates would love this to be true, or for the belief it is true to further spread. Before going further, we should stress: there is no substitute for immediate emissions reductions. NbS must be seen as a complementary approach to reducing emissions.

While NbS are not a silver bullet, when applied well they can help meet environmental and social targets, including in forested landscapes. When designed and implemented in accordance with the best safeguards and standards,



Ambitious policies that provide direction and momentum will give businesses a clear objective towards an equitable, net-zero, nature-positive economy.



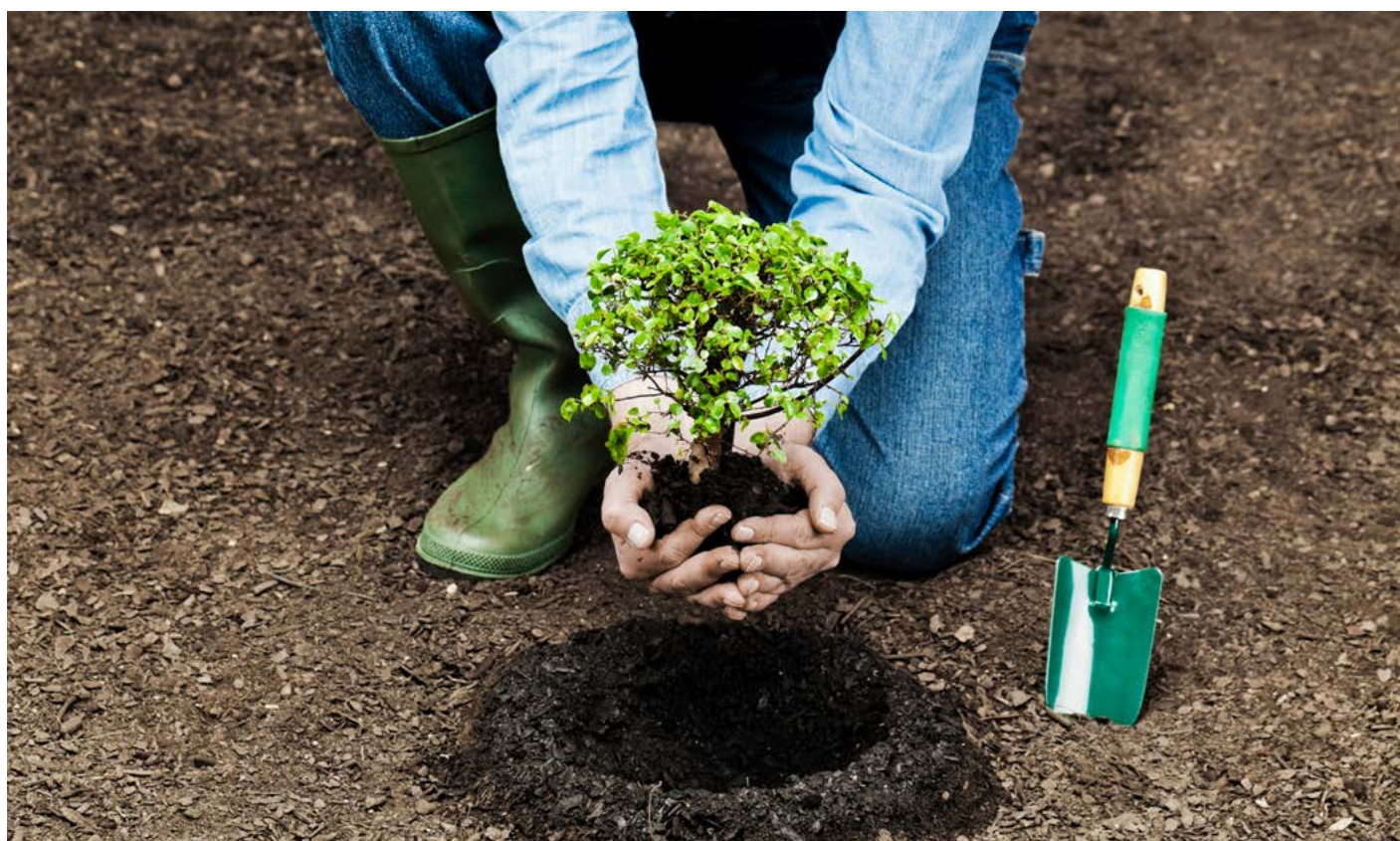
NbS can generate multiple benefits for climate, biodiversity, economies, health and people. Applied in conjunction with other solutions, they can help tackle the multiple environmental crises we are facing today.

Companies have much to gain by tackling the nature and climate crises simultaneously. NbS and other approaches are tools companies have been increasingly applying, to both reduce their environmental impacts and mitigate the impacts of a changing environment on their operations. CDP is helping companies transparently track their progress and indicating directions of action for more sustainable business practices.

At CDP, we've learned from 20 years of corporate disclosure that

disclosure leads to action. The data disclosed through CDP can be critical in assessing companies' preparedness for successfully integrating NbS: what actions companies are currently taking and where the gaps and challenges lie. This policy brief is our first assessment in this area.

Governments can and must help to prepare and guide companies through the NbS process, while providing a clear direction on forests and climate. Ambitious policies that provide direction and momentum will give businesses a clear objective towards an equitable, net-zero, nature-positive economy. Support from policymakers is required to ensure that NbS are applied in the right way, with appropriate financial resources and incentives, and at sufficient scale to make a positive difference.



About this brief

This policy brief focuses on Nature-based Solutions (NbS) in forest ecosystems, which builds upon the integration of established practices such as forest conservation, forest landscape restoration and ecosystem-based disaster risk reduction, all with an explicit focus on improving biodiversity and livelihoods.

It is important, therefore, to understand to what extent businesses are implementing these practices. The brief also seeks to show differences and similarities in NbS readiness between companies from commodity producer and commodity consumer countries, using Brazil and the UK respectively as examples. To this end, this policy brief aims to:



- ▼ Understand the extent to which disclosing companies are carrying out actions that contribute to their readiness to implement forest-related NbS, such as forest protection, sustainable management, and restoration;



- ▼ Present data on what aspects of NbS-related action are receiving more attention by disclosing companies and use that data to; and



- ▼ Provide recommendations calling for governments to promote policies that enable corporate action on forest NbS and high levels of business ambition in confronting the climate and biodiversity crises.

Nature-based Solutions

the opportunities, risks and the role of policy



1.1°C

global average temperature rise compared with 1850-1900



150,000

annual deaths from climate change

More than 2/3+ of global wildlife lost over the past half century

Forests:

key to addressing the interconnected climate and nature crises

The world is facing multiple environmental challenges that negatively exacerbate each other's impacts¹ and share common drivers: the climate crisis and the crisis in nature. Global average temperatures have already increased by 1.1°C, with annual deaths from climate change reaching 150,000; and more than two-thirds of global wildlife lost over the past half century. These challenges have primarily been addressed independently, despite the increased recognition of the need for more integrated approaches. Deforestation and forest degradation are among the common drivers of climate change and biodiversity loss. Tropical forests have lost 17% of their area in the past three decades, with 10% of the remaining area estimated to be degraded². Yet, science has made clear that there is no 1.5°C future without forests. All pathways considered by the Intergovernmental Panel on Climate Change (IPCC) assume a halt in deforestation and significant forest restoration over the coming decades. To be in line with a 1.5°C pathway, no further deforestation can occur from 2030 onwards at the latest³. Eliminating forest loss is, therefore, one of the most pressing challenges required to halt both the biodiversity and climate crises. Nature-based Solutions (NbS) are among the tools with the potential to address those crises simultaneously.

Tropical forests have lost

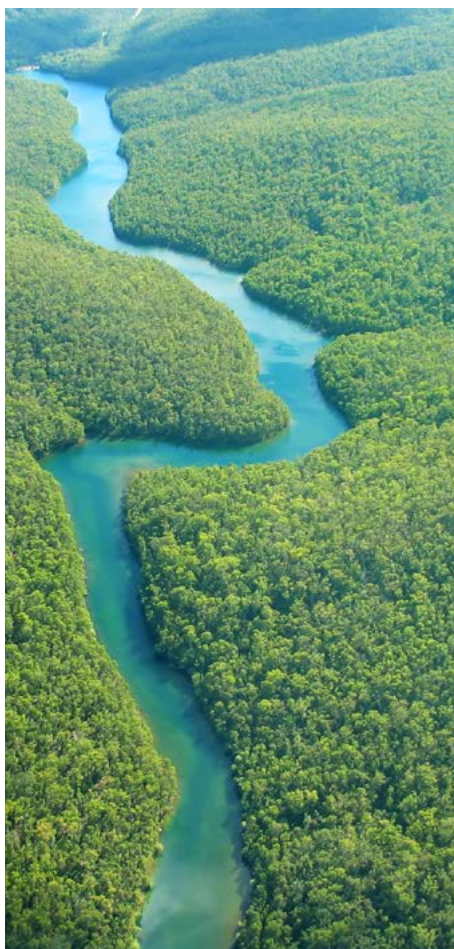
17%

of their area in the past three decades



10%

of the remaining area estimated to be degraded.



Boosting competitive advantage, restoring nature and tackling climate change: the potential of NbS

Nature-based Solutions (NbS) are activities that work with natural systems to address a variety of challenges. They range from the conservation or restoration of habitats to meet climate or biodiversity goals to the use of natural water systems to meet pollution or water offtake goals. A well-designed NbS can be financially competitive in comparison with traditional hard infrastructure solutions and will likely achieve a greater range of benefits⁴.

In the context of forests, NbS is an umbrella term that covers a range of existing approaches to restoration, conservation, and management. What differentiates NbS from traditional forest restoration, conservation, and management approaches is that they aim 'to address broad societal goals such as human wellbeing, including poverty alleviation and socio-economic development'⁵ in addition to delivering environmental benefits.

As such, well planned and implemented forest-based NbS will provide a range of societal and environmental benefits. NbS can have a role in food security and human economic and social wellbeing⁶, water security⁷, disaster risk reduction⁸, and human health⁹. They can also play a role in climate mitigation¹⁰, resilience¹¹, and adaptation¹². All those benefits must, according to IUCN's definition, be additional to biodiversity benefits provided by NbS.

Business action is about more than responsibility – there are real and material risks associated with nature's decline.

The role of the private sector in protecting and restoring nature

Businesses have a critical role to play in reversing nature loss and protecting biodiversity. Business action is about more than responsibility – there are real and material risks associated with nature's decline¹³. Businesses can be an important driver in the implementation of NbS, both within and beyond their value chains. Within a company's operations and value chains, NbS can tackle specific problems, such as improving the resilience of a supply chain through better soil health, availability of natural pollinators and pest-controlling biodiversity¹⁴. Outside of supply chains, NbS can be an important tool for companies to comply with their environmental commitments if they are conceptualized, designed, and implemented following appropriate standards.

There are still significant barriers for companies effectively integrating NbS into their value chains. Some barriers are internal, such as hesitancy to invest in NbS due to their inherent uncertainties and long timelines for results to appear¹⁵. An NbS might make more sense when all benefits are considered when compared to hard infrastructure approaches, but because many of the benefits of NbS are accrued by others beyond the company (in terms of climate, biodiversity, human wellbeing, etc), those benefits may not feature in the company's decision-making process. Other barriers are external, such as poorly designed or outdated regulations that hinder the implementation of NbS¹⁶, or the lack of suitable funding mechanisms¹⁷.

Opportunities come with challenges:

recognizing the risks and limitations of NbS

Despite NbS' potential, they are not without risk. There are a number of challenges surrounding the implementation of NbS, which those considering their implementation must acknowledge and address:



NbS should be seen as complementary, with the primary focus to remain on rapid emissions reductions in line with science.



NbS complement, not replace, other decarbonization pathways.

The debate around NbS, as well as much of the interest in them, is overwhelmingly geared towards their potential to address the climate crisis. While NbS have a clear mitigation potential, they must not be seen as being able to provide a global solution to the climate crisis on their own, or even as the main solution. NbS should be seen as complementary, with the primary focus to remain on rapid emissions reductions in line with science. A common risk around forest-related NbS is that companies might want to resort to them, in the form of offsets, before reducing emissions in their supply chains.

If not carefully conceptualized, planned, implemented, and monitored, interventions intended to be labelled as NbS can generate unintended negative consequences.

Actions such as afforestation aimed at sequestering carbon from the atmosphere, for example, can undermine biodiversity and social objectives if done with non-native monocultures¹⁸, and such actions are at risk of being mislabeled as NbS. Forest restoration, while having the potential to avoid expected extinctions while sequestering carbon¹⁹, might suffer from low effectiveness and limited permanence if applied at inappropriate temporal, spatial, and functional scales²⁰.



Successful governance models of NbS require close engagement with a range of additional stakeholders including indigenous peoples and local communities.

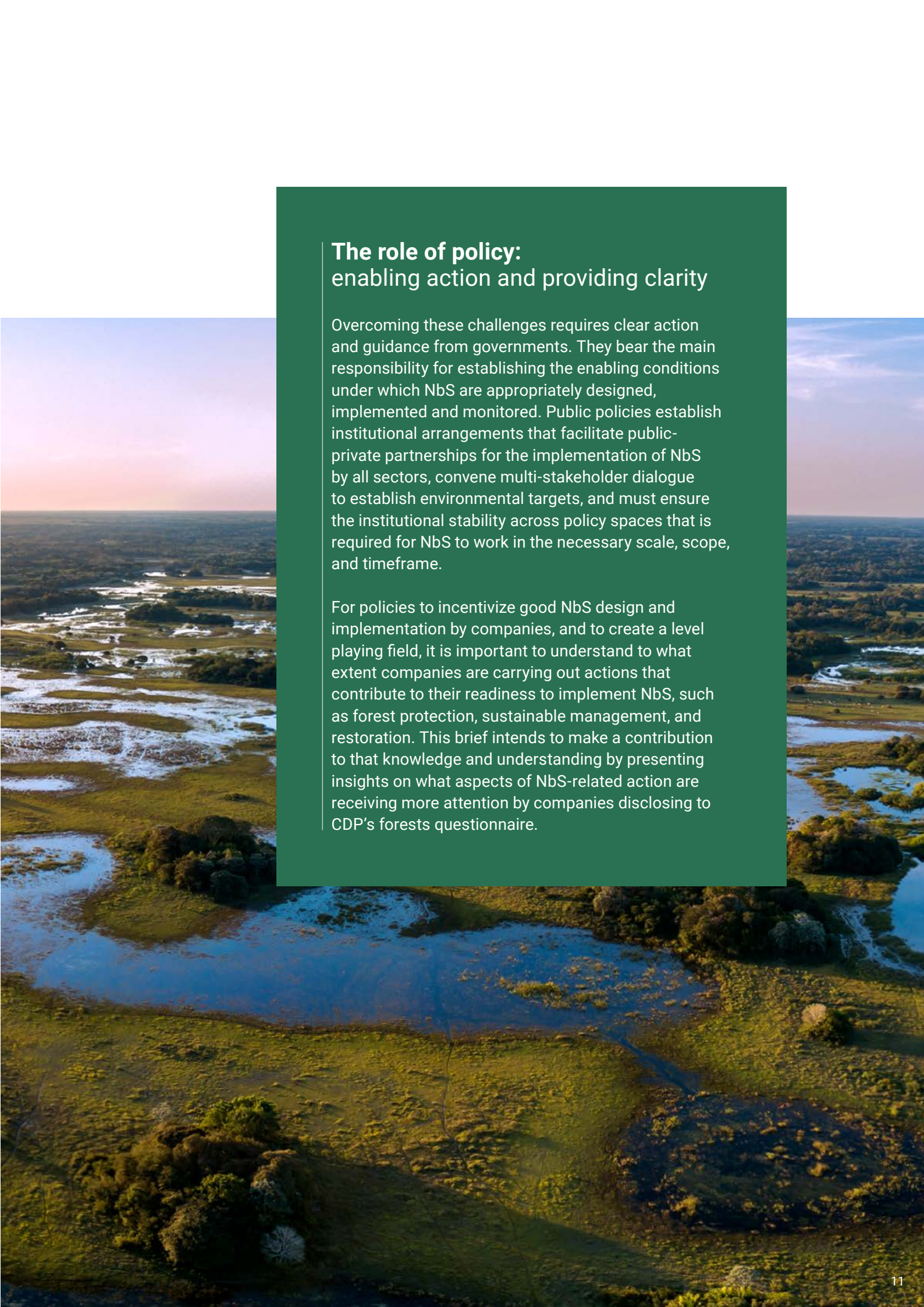


NbS can offer flexible long-term solutions, though there can be significant timescale uncertainty.

Changes in the provision of ecosystem services over time under climate change and human-based stressors are rarely considered during the design and implementation of NbS, and there can be major questions about how to balance future benefits with current costs. Compared to traditional engineering solutions which can usually be implemented with relative certainty about the type of timescale of benefits, NbS generally offer more flexible long-term solutions with benefits that might not be reaped when the costs are felt.

NbS planning and implantation may lead to complex governance challenges.

The governance of NbS, especially at large scale and involving multiple stakeholders, requires 'active cooperation and coordinated action between stakeholders whose priorities, interest, or values may not align, or may even conflict'²¹. At times, complex governance challenges may arise relating to land tenure among local, state, and national level public, private, and civil society stakeholders. Finally, policies with multiple objectives may suffer from power and influence disputes during their design phase, leading to policy design features that ultimately favor one of the stated objectives over the others²². Such policy design features may also favor one group of stakeholders to the direct detriment of others, leading to ineffective and inequitable implementation. Therefore, successful governance models of NbS require close engagement with a range of additional stakeholders including indigenous peoples and local communities²³.



The role of policy: enabling action and providing clarity

Overcoming these challenges requires clear action and guidance from governments. They bear the main responsibility for establishing the enabling conditions under which NbS are appropriately designed, implemented and monitored. Public policies establish institutional arrangements that facilitate public-private partnerships for the implementation of NbS by all sectors, convene multi-stakeholder dialogue to establish environmental targets, and must ensure the institutional stability across policy spaces that is required for NbS to work in the necessary scale, scope, and timeframe.

For policies to incentivize good NbS design and implementation by companies, and to create a level playing field, it is important to understand to what extent companies are carrying out actions that contribute to their readiness to implement NbS, such as forest protection, sustainable management, and restoration. This brief intends to make a contribution to that knowledge and understanding by presenting insights on what aspects of NbS-related action are receiving more attention by companies disclosing to CDP's forests questionnaire.

NbS and CDP's forests data

For each KPI, CDP has assigned three assessment categories:

- ▼ A company does not achieve the KPI;
- ▼ The company partially achieves the KPI; and
- ▼ The company fully achieves the KPI.

CDP's forests questionnaire captures the relevant data that allows companies and investors to measure and manage forest-related risks, impacts, and opportunities.

It enables the consistent, comprehensive collection of data associated with corporate strategy; policies and commitments; governance and targets; value chain engagement activities; and other key elements required to track progress on eradicating deforestation from supply chains²⁴.

To highlight critical aspects related to corporate environmental performance captured by the forests questionnaire, CDP has developed 15 Key Performance Indicators. CDP's forest KPIs correspond to selected questions of the forests questionnaire (see example in table 1 below) and are aligned with elements of the Accountability Framework initiative (AFi) and the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations²⁵.




Table 1: Example of CDP forests KPI and the corresponding forest questions






KPI #2 - Policy			
Assessment category	Explanation		
No	Companies without a forest-related policy		
Yes – partial	Companies with a forest-related policy not focused on no-deforestation		
Yes – full KPI	Companies with either a publicly available general or commodity specific company-wide no-deforestation policy that includes: <ul style="list-style-type: none"> ▼ Commitment to eliminate conversion of natural ecosystems ▼ Commitment to eliminate deforestation ▼ Commitment to no deforestation ▼ Commitment to no planting on peatlands and to no exploitation (NDPE) ▼ Commitment to remediation, restoration and/or compensation of past harms ▼ Commitment to protect rights and livelihoods of local communities 		
Module	Section	Question No.	2021 Question Text
F4	Policy	F4.5	Does your organization have a policy that includes forests-related issues?
F4	Policy	F4.5a	Select the options to describe the scope and content of your policy.
F4	Policy	F4.5b	Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

The specific actions that companies can take when striving to achieve deforestation-free supply chains are important bases for the implementation of NbS projects that achieve a wide range of societal and environmental benefits. For example, effective integration of environmental issues into core company strategies, as well as designing results-driven ecosystem restoration activities, are necessary for implementing effective and integrated NbS.

These actions are captured across the CDP forests questionnaire's KPIs. Out of the 15 KPIs, eight are relevant to understanding a company's readiness to implement NbS. The extent of KPI achievement can help estimate a company's readiness to design and implement appropriate NbS. Table 2 below presents how those KPIs relate to NbS design and implementation.

Table 2: How selected CDP's forests KPIs relate to NbS

KPI		KPI explanation	How the KPI relates to NbS
 #2 Policy Assesses the existence of a forest-related corporate policy, as well as its scope and content	Partial	Has a forest-related policy but not focused on no-deforestation.	Captured within the policy and commitments KPIs are important social wellbeing indicators such as the adoption of the UN Declaration on the Rights of Indigenous Peoples and the UN International Labour Organization's principles. In addition to environmental benefits, NbS must address societal challenges. The adoption of these social indicators demonstrates company awareness on the importance of this topic.
	Full	Companies with either a publicly available general or commodity-specific company-wide no-deforestation policy with social elements, remediation, and restoration - commitment to eliminate conversion of natural ecosystems, commitment to eliminate deforestation, commitment to no deforestation, to no planting on peatlands, and to no exploitation (NDPE), commitment to remediation, restoration and/or compensation of past harms, commitment to protect rights and livelihoods of local communities.	
 #3 Commitments Assesses the existence of a public commitment to reduce or remove deforestation and/or forest degradation from direct operations and/or supply chain, as well as its scope and content	Partial	Companies with a public forest-related commitment but it is not a robust public no-deforestation commitment.	
	Full	Companies with a public no-deforestation (no conversion of natural ecosystems, zero gross deforestation/no deforestation) forests-related commitment with social elements, remediation, and restoration that is timebound, set to be completed by 2030, includes a cut-off date before 2020, with FPIC, covers 100% of production/ consumption and applies to all relevant operations. Includes commitments to operations in accordance with the UN Declaration on the Rights of Indigenous Peoples, remediate any adverse impacts on indigenous people and local communities, adoption of the UN International Labour Organization principles, resolution of complaints and conflicts through an open, transparent and consultative process, recognition of legal and customary land tenure rights, restoration and compensation to address past deforestation and/or conversion.	
 #4 Strategy Assesses the extent to which companies integrate forest-related issues into long-term strategic business plans	Partial	Companies that integrate forest-related issues into either financial planning, long-term business objectives or strategy for long-term objectives.	The integration of forest-related issues into all parts of a company's long-term strategic business plans are an important step towards the development of a holistic view of forests, which is at the base of the NbS concept. It also enables companies to understand the potential long-term opportunities offered by NbS to their business and how to integrate forest-NbS projects into their current and future business plans.
	Full	Companies that integrate forest-related issues into all parts of their long-term strategic business plans: financial planning, long-term business objectives, and strategy for long-term objectives.	

KPI		KPI explanation	How the KPI relates to NbS
 #5 Risk assessment Assesses whether companies conduct a forest-related risk assessment and its comprehensiveness	Partial	Conducts a forest-related risk assessment but it is not comprehensive.	Conducting comprehensive forest-related risk assessments enables companies to understand what societal challenges they need to address, as well as to better gauge the potential value in designing and implementing NbS to address identified environmental and societal risks to business operations.
	Full	Companies who conduct a comprehensive forest-related risk assessment: full coverage of relevant operations with risks beyond 6 years considered and availability of forest risk commodities, quality of forest risk commodities, impact of activity on the status of ecosystems and habitats, social impacts, local communities are included in the assessment.	
 #9 Compliance Assesses whether a company has a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments, and the system's coverage	Partial	Has a system to control, monitor, or verify compliance with no-deforestation/no-conversion policies or commitments for at least one of the commodities they report on.	It is important to have internal systems in place to assess compliance and alignment with the stated objectives of a NbS project to ensure that the environmental and societal benefits are being appropriately accrued and distributed.
	Full	Companies that have either a no-deforestation policy or comprehensive commitment and have a system to control, monitor, or verify compliance, and this system covers all relevant direct operations or supply chains and more than 90% of total volume in compliance.	
 #11 Supply chain engagement – smallholders Assesses the extent of a company's work with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems	Partial	Working with smallholders to support good agricultural practices and reduce deforestation or conversion of natural ecosystems.	As NbS often have a very localized impact on small stakeholders, engagement with smallholders and other small stakeholders forms a critical component of a NbS. Companies must have systems in place to engage with their smallholder suppliers to ensure benefits are being felt and that challenges smallholders face are being integrated into the design of any future or existing NbS project.
	Full	Companies working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems by providing them with financial or technical assistance to them to help achieve this. Financial or technical assistance includes offering on-site technical assistance and extension services, investing in pilot projects, paying higher prices linked to best agricultural practices, financial incentives for certified products.	
 #14 Forest-related external activities or initiatives Assesses the extent of a company's participation in external activities or initiatives to promote the implementation of their forest-related policies and commitments	Partial	Participate in external activities or initiatives to promote the implementation of their forests-related policies and commitments.	Multi-stakeholder participation helps to overcome scalability challenges of NBS projects and ensures that NbS projects are effective in meeting stated environmental and social objectives. Companies engaging in jurisdictional approaches will therefore be better positioned to integrate and scale localized NbS with broader stakeholder buy-in.
	Full	Companies participating in external activities or initiatives to promote the implementation of their forests-related policies and commitments through jurisdictional approaches.	
 #15 Ecosystem restoration and protection Assesses whether a company is supporting or implementing project(s) focused on ecosystem restoration and protection and how it monitors and measures outcomes	Partial	None.	Outcome-based environmental and biodiversity conservation and restoration actions form the basis for NbS projects.
	Full	Companies supporting or implementing projects focused on ecosystem restoration and protection with timely monitoring and measured outcomes.	

Examining corporate preparedness for forest-related NbS



Palm oil



Timber products



Cattle products



Soy



Natural rubber



Cocoa





Coffee

The analysis uses data disclosed through CDP's forests questionnaire in 2021 by 675 companies that produce or source at least one of the seven commodities responsible for most commodity-driven forest loss²⁶:

Based on corporate responses to the questions that comprise each KPI (exemplified in Table 1 above), we have calculated the percentage of companies that have partially and fully achieved the KPIs. Specific results of Brazilian and UK companies are also presented to exemplify differences and similarities in how companies from producer and consumer countries integrate elements key to effective NbS implementation.

The overarching result of the analysis is that **disclosing companies are broadly falling short of requirements to implement the necessary actions that form the basis for a successful NbS**. Results and insights for each of the KPIs are presented below.

Policies and commitments

KPI #	KPI type		Overall	Brazil	UK
2	 Policy	Full	13%	13%	15%
		Partial	66%	78%	85%
3	 Commitments	Full	2%	6%	2%
		Partial	51%	50%	69%


In addition to generating positive impact against environmental challenges, social wellbeing indicators form another key pillar of any successful NbS project. Indicators such as a commitment to protecting the rights and livelihoods of local communities as represented in the Policy KPI and the recognition of the UN Declaration on the Rights of Indigenous Peoples and the UN International Labor Organization's principles in the Commitments KPIs represent strong social pillars that must be echoed in NbS activities.

The lack of attainment of both the full Policy and Commitment KPIs indicates a lack of uptake of social elements throughout global, UK and Brazilian company activities. The strong attainment of the partial KPI, which excludes the aforementioned social elements, further highlights that social pillars key to a successful NbS project are still not being properly integrated in disclosing companies' environmental policies and commitments.

More than half of the disclosing companies integrate forest-related issues into all parts of their long-term strategic business plans.

As stated in [CDP’s 2021 Forests report](#), such ‘disclosed information suggests that forest-related commitments were mostly lacking components to protect the rights of indigenous peoples and local communities and secure their free, prior, and informed consent prior to activities that may negatively affect them’. These components are crucial for the ‘inclusive, transparent and empowering governance processes²⁷’ upon which NbS must be based.

Strategy

KPI #	KPI type		Overall	Brazil	UK
4	 Strategy	Full	52%	66%	52%
		Partial	11%	3%	17%


More than half of the disclosing companies integrate forest-related issues into all parts of their long-term strategic business plans. Companies that integrate forest-related issues into all parts of their long-term strategic business plans are more likely to have the holistic view of forests that is at the base of a NbS, as well as be able to understand the potential long-term opportunities offered by NbS to their business and how to integrate forest-NbS projects into their current and future business operations. Those companies are more likely to recognize the potential long-term opportunities, including financial, offered by forest NbS to their business. The impacts and benefits of NbS might take long to be perceived, therefore the inclusion of forests in a company’s long-term strategy is crucial to ensure that forest NbS will receive the required support while their benefits are not yet captured.





Brazilian-based companies are better placed compared to their global and UK counterparts to recognize how NbS can be best utilized to contribute to forest-related commitments.


Risk assessment

KPI #	KPI type		Overall	Brazil	UK
5	 Risk assessment	Full	31%	47%	28%
		Partial	78%	89%	90%

Forest-related risk assessments are critical to understanding how an NbS can address identified social and environmental challenges and risks posed to business operations.

While most companies conduct partial risk assessments, only around a third achieve CDP's full KPI, with an assessment that includes the impact of an activity on the status of ecosystems and habitats, social impacts, and local communities, elements that form the basis for a successful NbS. Conducting an adequate risk assessment, both within and around the intervention area, is also identified by the IUCN as a key criterion for the design of NbS²⁸.

Commitment compliance

KPI #	KPI type		Overall	Brazil	UK
9	 No conversion/no deforestation commitment compliance	Full	35%	44%	33%
		Partial	46%	78%	56%

Measuring compliance and progress towards targeted goals and outcomes of NbS is critical to ensuring that benefits are accrued in an equitable manner across all stakeholders. Processes to measure compliance of goals and targets is captured in the commitment KPI and demonstrates company familiarity with actions that are required to ensure that NbS projects are well-designed to address environmental and societal challenges.

Brazilian companies are performing above average, demonstrating a better understanding of how actions throughout supply chains and direct operations align with broader no-deforestation goals when compared to their global and UK peers. As such, Brazilian-based companies are better placed compared to their global and UK counterparts to recognize how NbS can be best utilized to contribute to forest-related commitments.

38%+

of all companies report working with smallholders, with

22%

reporting on providing specific technical or financial assistance.

7%

of companies globally are engaging in JAs,


With Brazilian companies reaching

16%

UK companies with

4%


Engagement with supply chains and smallholders

KPI #	KPI type		Overall	Brazil	UK
11	 Supply chain engagement — smallholders	Full	22%	32%	15%
		Partial	38%	58%	25%

Outcomes from NbS projects can disproportionately accrue at a localized level, impacting small stakeholders such as local communities and smallholder suppliers. It is therefore important for companies to have established processes to engage smallholder suppliers to ensure their participation in NbS-related decision making and to ensure that benefits of any proposed or implemented NbS do not pass over them or similarly small stakeholders.

Over a third of all companies (38%) report working with smallholders, with 22% reporting on providing specific technical or financial assistance. This demonstrates a general lack of understanding of the needs and challenges smallholders face among disclosing companies. Brazilian companies, however, perform significantly better than UK companies in this regard. Brazilian companies are therefore more likely to understand the needs of smallholders and thus design NbS projects that deliver more relevant benefits to smallholder suppliers.

External activities and jurisdictional approaches

KPI #	KPI type		Overall	Brazil	UK
14	 Forest-related external activities or initiatives and Jurisdictional Approaches	Full	7%	16%	4%
		Partial	63%	56%	74%

Multi-stakeholder approaches are critical to the successful implementation of NbS. Engaging in jurisdictional approaches (JAs) addresses the challenges of scaling NbS to drive benefits beyond smaller and local stakeholders, attaining significant local and national buy-in, and the potential front-loading of investment and costs associated with initiating NbS projects.

While the percentage of companies engaging in JAs remains low (7% globally, with Brazilian companies reaching 16% and UK companies with 4%), it has grown rapidly in recent years²⁹. A larger percentage of companies participate in other types of forest-related external activities, such as engaging with policymakers or governments and involvement in industry platforms.

440+

projects are being implemented by disclosing companies, with three main types:

128

forest ecosystem restoration



86

other ecosystem restoration



85

reforestation

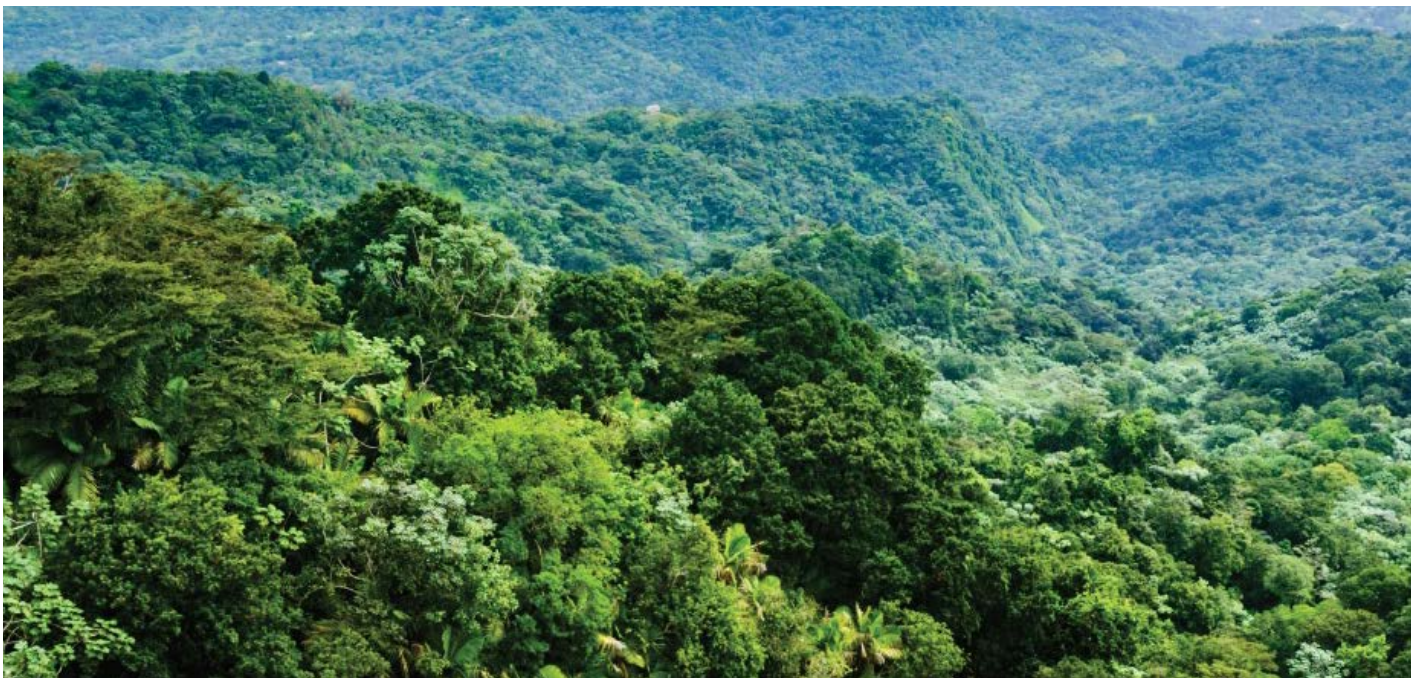


Ecosystem restoration and protection

KPI #	KPI type		Overall	Brazil	UK
15	 Ecosystem restoration and protection	Full	41%	58%	28%

CDP’s KPI on ecosystem restoration and protection is the KPI most directly relevant to NbS, as positive biodiversity outcomes constitute a core tenant of any NbS project. Disclosing companies are implementing over 440 projects³⁰, with the three main types being forest ecosystem restoration (128), other ecosystem restoration (86) and reforestation (85). The projects are overwhelmingly voluntary (410), with a few being implemented due to regulator or certifier requirements. Most projects measure biodiversity and carbon sequestration outcomes, while a limited number of projects measure non-environmental outcomes, such as community engagement and food and nutritional security. This is an indication that companies implementing restoration and protection projects are considering both climate and biodiversity benefits of their activities, while human wellbeing dimensions are either not being integrated into project design, are not being monitored, or are not being disclosed.

Brazilian companies are more engaged in ecosystem restoration and protection activities than both their global and UK counterparts. This is to be expected, since Brazilian companies’ operations are located closer to natural ecosystems, and the communities that depend on them, allowing Brazilian companies to observe damage caused by business operations first hand.



Recommendations for policymakers

1 More businesses need to take concrete steps now to put in place science-based, nature-positive, net-zero strategies

This will require policymakers to create incentives and enabling conditions for businesses to:

- ▼ Assess their impacts and dependencies on nature to ensure they are committing and acting on the most material ones;
- ▼ Commit to ambitious goals on both climate and nature, including by setting science-based targets that are aligned with internationally agreed goals; and
- ▼ Disclose their actions and progress against stated goals and invite independent third-party verification. Tracking progress in a transparent way will ensure that corporate promises are being translated into action in a credible manner.

2 Stimulate corporate participation in Jurisdictional Approaches to foster structured collaboration between public and private sectors to implement NbS and achieve shared environmental goals

- ▼ Disclosing companies are yet to significantly engage in JA and governments must create conditions for companies to increase their engagement in such approaches.
- ▼ Individual companies can align corporate investment in NbS and JAs with governmental goals. The implementation of multiple business led NbS at the same jurisdiction can be harmonized, thus multiplying their benefits. Each implementer would pay for their individual NbS investments, while benefiting from most of or from all NbS in a jurisdiction, further straightening the economic case for NbS investment.
- ▼ Businesses may also be able to attribute the benefits generated by the individual NbS to their investments, while at the same time contributing to the overall benefits generated by the JA.
- ▼ Governments can set overarching standards for corporate NbS JA to avoid misuse, reduce transaction costs, align with policies objectives, and maximize the benefits of this approach for the region.
- ▼ Finally, companies and governments engaged in JAs can cooperate and coordinate better investments in the territory through the alliance of multistakeholder governance platforms that facilitate LA/JA and NbS implementation.

3 Mandate comprehensive nature-related disclosures that advance the nature agendas at the international, national and local levels

- ▼ Corporate action needs to be transparently disclosed, communicated and tracked to measure and manage risk across the economy.
- ▼ Whilst corporate disclosure on climate is on the rise, disclosure on forests and biodiversity lags significantly behind. Most companies disclosing to CDP's forests questionnaire are still failing to report on best environmental practices, an indication that they do not fully possess the organizational and institutional preconditions for the design and implementation of effective forest NbS.
- ▼ Voluntary action is not enough and needs to be supplemented by mandatory disclosure requirements based on TCFD recommendations requiring disclosure on risk and opportunities as well as impact on people and planet.
- ▼ Initiatives such as the European Commission's newly proposed Corporate Sustainability Reporting Directive (CSRD), aimed at the implementation of economy-wide mandatory disclosure requirements, are crucial steps toward expanding the number of companies disclosing on forest-related risks and opportunities and in strengthening the quality, consistency, and comparability of data.
- ▼ Other governments must also step-up action in mandating disclosure beyond climate to ensure that the crucial benefits of disclosure play a role not only in averting the climate crisis but also in stemming biodiversity loss.

4 Ensure compatibility of disclosure standards

- ▼ Mandatory nature-related disclosure should be aligned with internationally agreed standards and frameworks, including the upcoming Global Biodiversity Framework.
- ▼ If national standards are developed, they also need to be compatible with these same standards. Corporate disclosure of comparable and consistent information is the foundation for transformative action to stem both the environmental and climate crises. Measuring and disclosing risks, opportunities, and impacts of economic activities is critical to supporting a nature-positive future.
- ▼ Policymakers should rely on existing standards and reporting practices and enter into a dialog with other jurisdictions to agree a common baseline, raising ambition at the national and international level.

References

- 1 Seddon N., Chausson A., Berry P., Girardin C., Smith A., Turner B. (2020). Understanding the value and limits of nature-based solutions to climate change and other global challenges. *Phil. Trans. R. Soc.* 37520190120. 20190120.
- 2 Vancutsem, C. et al., Long-term (1990–2019) monitoring of forest cover changes in the humid Tropics (2021). *Science Advances*. 7, 1–22.
- 3 The Afi recommends a target date no later than 2025 to eliminate deforestation and conversion in supply chains, as the date reflects "reflects the urgency of the climate and biodiversity crises and will allow companies to meet their science-based targets for emissions reduction." The source of the quote is <https://accountability-framework.org/the-afi-recommends-a-target-date-of-2025-or-sooner-to-eliminate-deforestation-and-conversion-in-supply-chains/#:~:text=Climate%3A%20Models%20for%20climate%20change,change%20to%201.5%C2%B0C.,retrieved on 28/10/2022>
- 4 IUCN defines NbS as 'actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits' (IUCN (2016). WCC-2016-Res-069-EN - Defining Nature-based Solutions). CDP uses the IUCN definition within its own platform and disseminates this understanding to its disclosing companies.
- 5 Seddon N., Chausson A., Berry P., Girardin C., Smith A., Turner B. (2020). Understanding the value and limits of nature-based solutions to climate change and other global challenges. *Phil. Trans. R. Soc.* 37520190120. 20190120, p.2.
- 6 Waldron A, Garrity D, Malhi Y, Girardin C, Miller DC, Seddon N. (2017). Agroforestry Can Enhance Food Security While Meeting Other Sustainable Development Goals. *Tropical Conservation Science*. January.
- 7 Vigerstol, K., Abell, R., Brauman, K., Buytaert, W., Vogl, A. Chapter 3 - Addressing water security through nature-based solutions, Editor(s): Jan Cassin, John H. Matthews, Elena Lopez Gunn, *Nature-based Solutions and Water Security* (2021). Elsevier, p.37-62.
- 8 Moos, C., Bebi, P., Schwarz, M., Stoffel, M., Sudmeier-Rieux, K., Dorren, L. (2018). Ecosystem-based disaster risk reduction in mountains, *Earth-Science Reviews*, Volume 177, p. 497-513.
- 9 Pérez-Cirera, V., Cornelius, S. and Zapata, J. (2021). *Powering Nature: Creating the Conditions to Enable Nature-based Solutions*. WWF.
- 10 Griscom, B. et al. (2017) Natural climate solutions. *Proceedings of the National Academy of Sciences of the United States of America* 114, 11 645-11 650.
- 11 Kim, G.; Kim, J.; Ko, Y.; Eyman, O.T.G.; Chowdhury, S.; Adiwal, J.; Lee, W.; Son, Y. (2021). How Do Nature-Based Solutions Improve Environmental and Socio-Economic Resilience to Achieve the Sustainable Development Goals? Reforestation and Afforestation Cases from the Republic of Korea. *Sustainability*, 13, 12171., p.2.
- 12 Chausson, Alexandre, Beth Turner, Dan Seddon, Nicole Chabaneix, Cécile AJ Girardin, Valerie Kapos, Isabel Key et al. (2020). "Mapping the effectiveness of nature-based solutions for climate change adaptation." *Global Change Biology* 26, no. 11: 6134-6155.
- 13 'Businesses must act now for a nature positive world: The Race Is On', <https://www.businessfornature.org/news/raceison>.
- 14 'Implementing nature-based solutions in the value chain – anticipating and surmounting the internal challenges to getting the green light', <https://www.cisl.cam.ac.uk/news/blog/implementing-nature-based-solutions>.
- 15 Ibid.
- 16 Ibid.
- 17 United Nations Environment Programme (2021). *State of Finance for Nature 2021*, p.32. Nairobi.
- 18 Seddon N., Chausson A., Berry P., Girardin C., Smith A., Turner B. (2020). Understanding the value and limits of nature-based solutions to climate change and other global challenges. *Phil. Trans. R. Soc.* 37520190120. 20190120.

References

- 19 Strassburg, B. B. N., Iribarrem, A., Beyer, H. L., Cordeiro, C. L., Crouzeilles, R., Jakovac, C. C., Braga Junqueira, A., Lacerda, E., Latawiec, A. E., Balmford, A., Brooks, T. M., Butchart, S. H. M., Chazdon, R. L., Erb, K.-H., Brancalion, P., Buchanan, G., Cooper, D., Díaz, S., Donald, P. F., ... Visconti, P. (2020). Global priority areas for ecosystem restoration. *Nature*, 586, 724–729.
- 20 Pettorelli, N., et al. (2021). Time to integrate global climate change and biodiversity science-policy agendas. *Journal of Applied Ecology*. 58.
- 21 Seddon N., Chausson A., Berry P., Girardin C., Smith A., Turner B. (2020). Understanding the value and limits of nature-based solutions to climate change and other global challenges. *Phil. Trans. R. Soc.* 37520190120. 20190120, p. 8.
- 22 Rosa da Conceição, H., Börner, J., Wunder, S. (2015). Why were upscaled incentive programs for forest conservation adopted? Comparing policy choices in Brazil, Ecuador, and Peru. *Ecosystem Services*, Volume 16, p. 243-252.
- 23 'Indigenous People lead essential global transformation on nature, climate, economies', <https://www.undp.org/blog/indigenous-people-lead-essential-global-transformation-nature-climate-economies>.
- 24 In its current state, CDP's forests questionnaire does not explicitly provide a complete framework for companies to disclose **all** elements that comprise NbS according to IUCN's definition and criteria, as outlined in the [IUCN Global Standard for Nature-based Solutions](#). It does, however, provide a platform to enable companies to disclose on some of the elements that are key to successful NbS implementation. Progress is assessed against 15 Key Performance Indicators (KPIs) that highlight specific actions companies must undertake on their journey towards establishing deforestation-free operations and supply chains. It is worth mentioning that the 2021 questionnaire did provide space for individual companies willing to disclose on any NbS they are implementing, including all elements of IUCN's NbS definition, in the multiple open text fields available in the questionnaire. What the questionnaire does not do is to create a guidance for disclosure on NbS, in the same vein as it creates a guidance for disclosure on, for example, forests-related risks. For that reason, we cannot provide a rigorous quantitative assessment of the state of NbS implementation by disclosing companies as we can, among others, of forests-related risks identified by companies.
- 25 For the complete set of CDP Forest KPIs, their alignment with Afi and TNFD, and how companies are performing against them, please refer to the Annex of the joint CDP and Afi report [From Commitments to Action at Scale - Critical steps to achieve deforestation-free supply chains](#).
- 26 Note on methodology: For all CDP corporate questionnaires, there are two versions: full and minimum. The full version contains all questions relevant to a company, including sector-specific questions and data points. The minimum version contains fewer questions, and no sector-specific questions or data points. To encourage disclosure, companies that are disclosing for the first time or have an annual revenue of less than EUR/US\$250 million have the option to complete the minimum version. CDP's forests questionnaire also includes question dependencies meaning certain questions only appear based on previous answers. Throughout this report, the number of companies reporting on each topic will vary based on these elements and consequently so will the denominator.
- 27 IUCN (2020). Global Standard for Nature-based Solutions. A user-friendly framework for the verification, design and scaling up of NbS. First edition. Gland, Switzerland: IUCN. p.14
- 28 IUCN (2020). Global Standard for Nature-based Solutions. A user-friendly framework for the verification, design and scaling up of NbS. First edition. Gland, Switzerland: IUCN. p.8
- 29 CDP (2021) Collective action: corporate engagement in landscape and jurisdictional approaches: Findings from 2020 and 2021 CDP data.
- 30 Each company can disclose more than one project.

CDP Authors

Pietro Bertazzi

Global Director - Policy
Engagement and External Affairs
Pietro.bertazzi@cdp.net

Thomas Maddox

Global Director - Forests and Land
Thomas.maddox@cdp.net

Hugo Rosa da Conceicao

Global Policy Manager (Forests)
Hugorosadaconceicao@cdp.net

Kumar Bhattacharyya

Senior Project Officer (Forests)
Kumar.bhattacharyya@cdp.net

For more information, please contact:

Pietro Bertazzi

Global Director - Policy
Engagement and External Affairs
Pietro.bertazzi@cdp.net

Thomas Maddox

Global Director - Forests and Land
Thomas.maddox@cdp.net

Helen Finlay

Global Associate Director -
Policy Engagement
Helen.finlay@cdp.net

Hugo Rosa da Conceicao

Global Policy Manager (Forests)
Hugorosadaconceicao@cdp.net



ABOUT CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 680 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Nearly 20,000 organizations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

Visit cdp.net or follow us @CDP to find out more.

CONTACT

Visit the [CDP Help Center](#) to get support from CDP.

Find answers in our Knowledge Base or sign in to your account to contact our support team.

CDP Worldwide

Level 4
60 Great Tower Street
London EC3R 5AZ
Tel: +44 (0) 20 3818 3900

www.cdp.net
Twitter: @cdp

cdp.net