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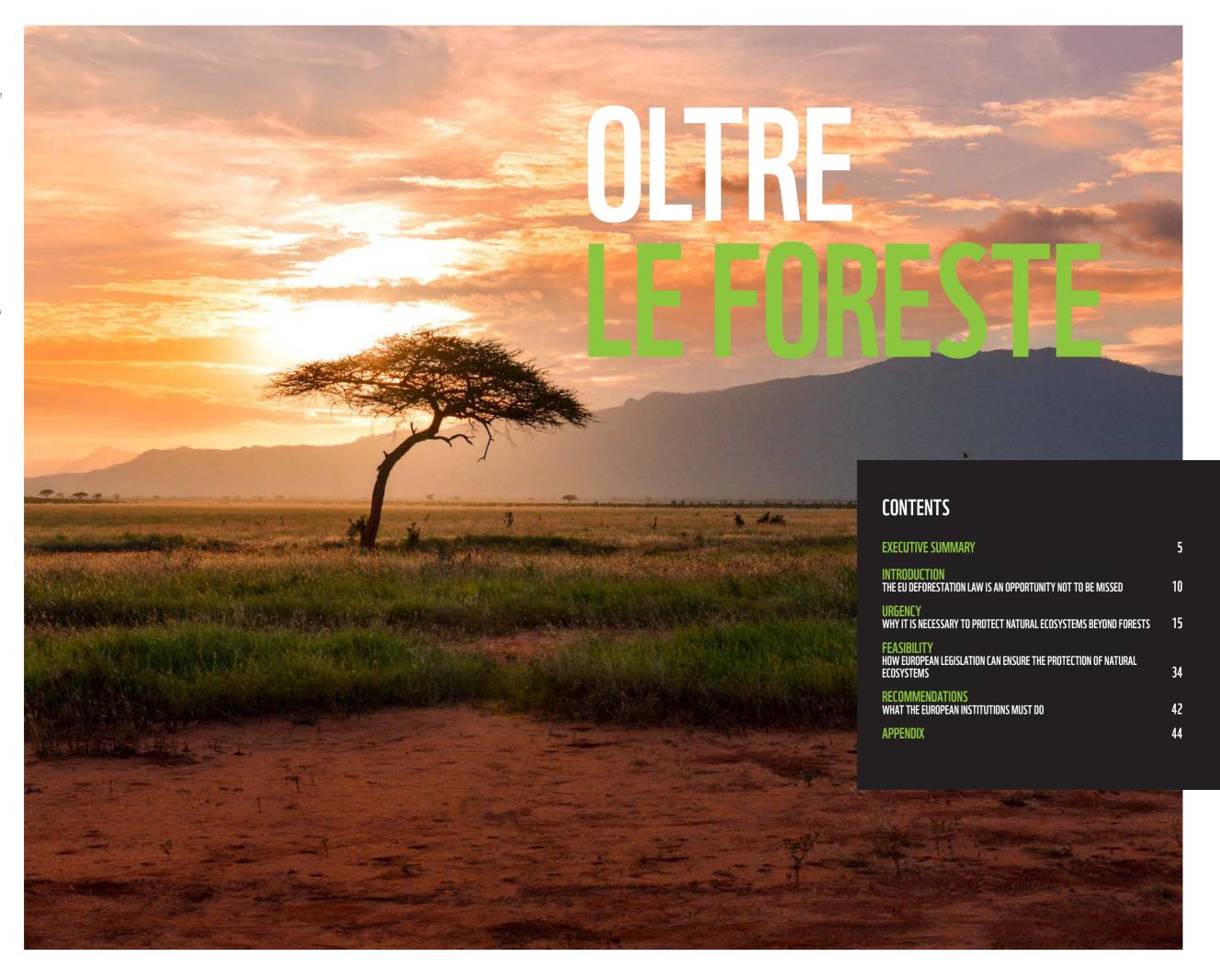
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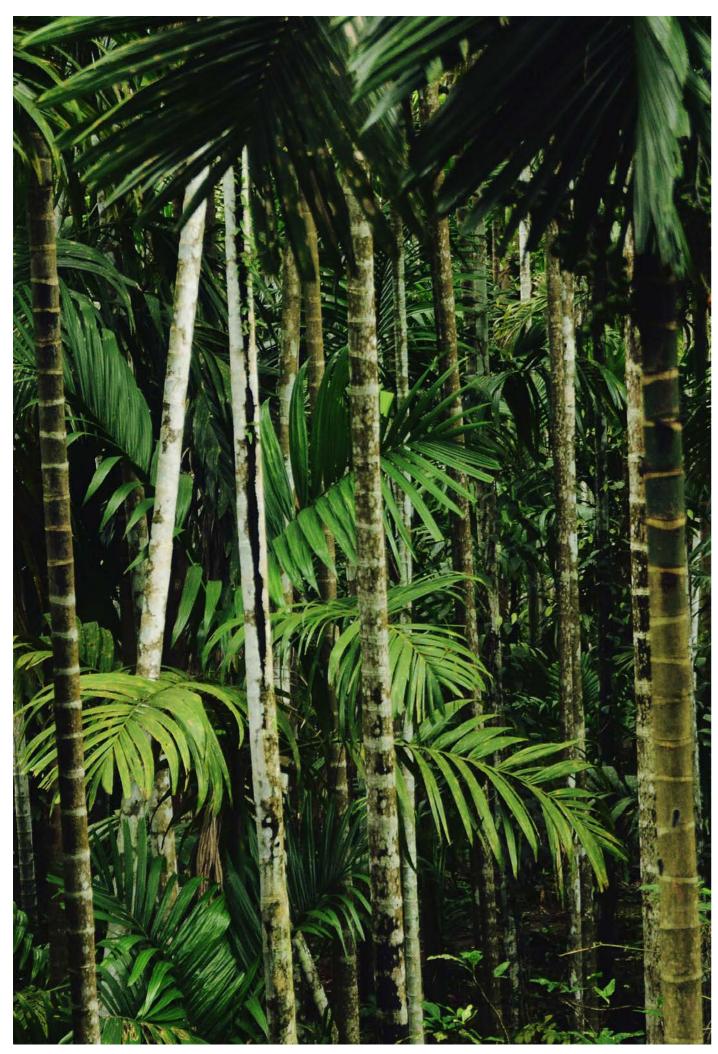
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RIASSUNTO

Foreste e altri ecosistemi naturali, ovvero praterie, savane, zone umide e torbiere, specialmente nei paesi tropicali e subtropicali, vengono distrutti a una velocità impressionante, aggravando il cambiamento climatico e la perdita di biodiversità e di altri essenziali servizi ecosistemici che la natura fornisce e da cui dipendiamo.

Una delle principali cause di questa distruzione è la produzione di materie prime e prodotti agricoli, zootecnici e forestali, con circa il 90% della deforestazione dovuta all'espansione dei terreni agricoli a discapito di altri usi del suolo (FAO).

L'Unione Europea (UE) importa e consuma da paesi extra UE enormi quantità di prodotti che causano la degradazione e trasformazione degli ecosistemi naturali in terreni coltivati o pascolati. Gli stessi governi europei hanno riconosciuto di dover agire rapidamente per invertire questa crisi climatica e di biodiversità ratificando una serie di impegni, politiche e strategie quali l'Accordo di Parigi e l'European Green Deal.

Sebbene la maggior parte dell'attenzione sia sempre concentrata sulla conversione delle foreste – la deforestazione – molti altri ecosistemi naturali sono interessati da rapidi e consistenti processi di trasformazione, talvolta più consistenti di quelli delle foreste medesime. Scienziati e ricercatori enfatizzano da decenni il bisogno di una più ampia protezione degli ecosistemi, ma questo non ha mai avuto riscontro in politiche e regolamenti. Anche il Parlamento Europeo, quando nel 2020 ha chiesto alla Commissione Europea di proporre una legge per fermare la conversione dei terreni causata dalla domanda dell'UE, ha sottolineato la necessità

di estendere la protezione "a ecosistemi con alta biodiversità e stock di carbonio: oltre alle foreste, ecosistemi marini e costieri, zone umide, torbiere o savane, così da evitare che la pressione venga trasferita dai boschi a questi ecosistemi"1.

Il 17 novembre 2021 la Commissione Europea ha proposto una nuova legge intitolata "Regolamento per minimizzare la deforestazione causata dall'UE e il degrado delle foreste"2 che richiede alle aziende di condurre un'opportuna due diligence3 ovvero un'attività di raccolta e verifica d'informazioni sui venditori e la merce fino al luogo di produzione, per assicurare che i prodotti introdotti sul mercato della UE non siano causa di deforestazione. Purtroppo, il regolamento proposto non considera la conversione di altri ecosistemi naturali oltre alle foreste, ma prevede solo una revisione non prima di due anni dopo che la legge entrerà in vigore per valutare l'efficacia e portata della legge tra cui se altri ecosistemi debbano essere considerati. Questa inclusione, futura e incerta, è problematica siccome i tassi di conversione di questi preziosi ecosistemi sono già molto alti. Non prendere ciò in considerazione nella legislazione porterebbe quindi a ulteriori perdite di quei servizi ecosistemici che essi sono in grado di fornire, quale il loro ruolo nell'assorbimento di carbonio.

¹ European Parliament (2020). "European Parliament resolution of 22 October 2020 with recommendations to the Commission on an EU legal framework to halt and reverse EU-driven global deforestation (2020/2006(INL))", available at https://www.europarl.europa.eu/doceo/document/TA-9-2020-0285_EN.html.

² European Commission (2021). "Proposal for a regulation on deforestation-free products", 17 November 2021, available at https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en.

³ La due diligence consiste in un approccio sistematico di analisi documentale e investigazione per la mitigazione del rischio connesso a decisioni di businesso di investimento.

NATURALI OLTRE LE FORESTE

praterie, savane, zone umide, torbiere - che sono tra i più estesi e ricchi di biodiversità sul pianeta e immagazzinano grandi quantità di carbonio e forniscono protezione, beni materiali, cibo, acqua e aria pulite e identità culturale a milioni di popolazioni indigene e comunità locali. Nonostante ciò, essi sono gravemente minacciati dalla conversione.

Per esempio, più di metà del Cerrado - un complesso ecosistema di savane, praterie e foreste in Brasile - ha già perso la sua vegetazione autoctona fin dagli anni '70. I tassi di conversione, ampiamente dovuti a espansione della produzione di soia e dell'allevamento, sono ora maggiori di quelli dell'Amazzonia che, anche a causa della limitata protezione pubblica, lo rendono tra i biomi più in pericolo del Sud America.

Con questi esempi il report spiega quindi perché la UE deve urgentemente proteggere altri ecosistemi naturali, non solo foreste.

È URGENTE → PROTEGGERE ALTRI ECOSISTEMI LA RESPONSABILITÀ → DELL'UNIONE EUROPEA NELLA CONVERSIONE DI ECOSISTEMI NATURALI È **EVIDENTE**

L'UE ha un rilevante ruolo nei processi di conversione di ecosistemi naturali fuori dai suoi confini, importando prodotti quali soia, carne, gamberi, gomma, olio di palma e grano che hanno origine negli ecosistemi esaminati in questo report, caratterizzati da conversione significativa. In alcuni casi, come per la soia e la carne del Cerrado brasiliano e la Pampa argentina e il Gran Chaco, le importazioni da queste aree costituiscono la quasi totalità di tutte le importazioni europee.

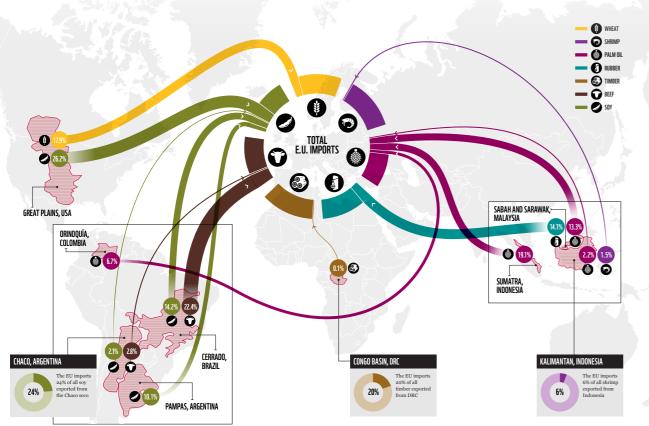


Figure 3: The proportion of EU commodity imports which come from the nine biomes featured in case studies in this report. Arrows show the percentage of EU imports of each commodity which come from each geographical area, an indicator of how important the area is to the EU. Embedded charts show the proportion of the area's production that is exported to the EU. The first is an indicator of how important the area is to the EU. The second is an indicator of how important trade with the EU is to the area, and has been provided in those cases where this gives a different perspective on the relationship than the first indicator alone. (See Appendix 1 for methodology and further details)



Se altri ecosistemi naturali interessati dal fenomeno oltre alle foreste vengono esclusi dal nuovo regolamento dell'UE, la loro conversione dovuta ai consumi europei continuerà inesorabile.

Anzi, c'è il rischio che una legislazione concentrata sollo sulle foreste, provochi un ulteriore repentino aumento della produzione di beni negli altri ecosistemi. Escludendoli, è difficile vedere come le ambizioni ambientali europee - 'avere un impatto ambientale neutrale o positivo' (Strategia Farm to Fork) o diventale neutrali dal carbonio entro il 2050 (European Green Deal) – possa realisticamente essere raggiunti a pieno.

Questo report dimostra come la UE - attraverso i suoi consumi di FERCs (Forest-and-Ecosystem-Risk Commodities) – ha responsabilità di agire per fermare la distruzione di ecosistemi naturali oltre alle foreste.

LA UE PUÒ INCLUDERE ADESSO **OUESTI ECOSISTEMI NEL SUO NUOVO** REGOLAMENTO 414

La domanda finale è se sia possibile per la UE includere questi ecosistemi nella legislazione - in particolare se le imprese siano capaci di implementare ciò. Alcuni Stati Membri hanno già incluso la protezione degli ecosistemi naturali con varie leggi e politiche, e il fatto che alcune aziende stanno già adottando volontariamente iniziative per escludere dalle loro catene di approvvigionamento la conversione di tutti questi ecosistemi naturali dimostra che, da un punto di vista economico, l'inclusione di questi ecosistemi è fattibile.

Questo report identifica una serie di strumenti di supporto che sono già disponibili per le aziende per effettuare una due diligence sulla catena di approvvigionamento circa la conversione degli ecosistemi naturali. Per fare un esempio, l'Accountability Framework Initiative1 ha sviluppato principi e indicazioni per aiutare le compagnie a implementare politiche commerciali libere da conversione e deforestazione, esaustive ed efficienti, e a sviluppare una catena di approvvigionamento attendibile e trasparente. La possibilità di identificare la conversione di ecosistemi naturali oltre alle foreste esiste.

Mentre la Commissione Europea sta considerando di adottare due anni di riflessione per capire se è necessario e fattibile includere ecosistemi non forestali nell'ambito di questa regolazione, questo report fornisce una chiara e immediata risposta: sì, è urgente e possibile includerli e la UE deve farlo.

¹ https://accountability-framework.org



Le conclusioni di questo report mostrano che l'ambiziosa legge UE è necessaria e realizzabile. Noi esortiamo gli Stati Membri e il Parlamento affinché adottino una legge che mantenga le utili disposizioni previste dalla Commissione Europea e colmi le carenze identificate finora. Il WWF identifica tre grandi principi per una legislazione ambiziosa ed efficace nel ridurre la deforestazione e altri impatti negativi sull'ambiente e sui diritti umani causati dai consumi dell'UE:

1. ASSICURARSI CHE I PRODOTTI NEL MERCATO EUROPEO SIANO LEGALI E NON LEGATI A DEFORESTAZIONE, DEGRADAZIONE FORESTALE, CONVERSIONE DI ECOSISTEMI O CONVERSIONE, E NEMMENO CHE VIOLINO I DIRITTI UMANI.

= ELEMENTI DA TENERE

La legislazione proposta richiede che i prodotti messi sul mercato dell'UE siano legali secondo gli standard del Paese produttore e liberi da deforestazione e degradazione forestale. Le misure per collaborare coi Paesi produttori nell'individuare le cause della distruzione della natura sono proposte e combinate con coinvolgimento a livello internazionale.

→ ELEMENTI DA MIGLIORARE

come esposto nel report, affrontare il cambiamento climatico

e la perdita di biodiversità richiede un approccio olistico: altri ecosistemi oltre le foreste, come savane, praterie, zone umide, torbiere e mangrovie dovrebbero essere inclusi subito. Un focus sulle foreste tralascia la pressione sulla conversione di questi ecosistemi naturali, che può ulteriormente aumentare se sono solo le foreste ad essere protette. L'attuale gamma di prodotti considerati dovrebbe essere ampliata per includere beni rilevanti e prodotti derivati, individuati basandosi su criteri scientifici e oggettivi, quali gomma, mais, pollame e latticini. Devono tenersi anche in conto standard dei diritti umani internazionali, particolarmente quelli dei popoli indigeni e comunità locali.

2. PROVVEDERE UN SISTEMA DI DUE DILIGENCE CON REQUISITI CHIARI PER LE COMPAGNIE, ASSICURANDO CHE LE LORO CATENE DI APPROVVIGIONAMENTO SIANO TRACCIABILI E TRASPARENTI.

= ELEMENTI DA TENERE

sono stati inseriti l'obbligo di una due diligence effettuata prima che un prodotto venga immesso nel mercato e chiari requisiti per la tracciabilità del prodotto rispetto al luogo di provenienza (dove raccolto e/o lavorato). La certificazione e i sistemi di terze parti non possono rimpiazzare la responsabilità di un operatore di effettuare la due diligence ma solo supportarne la sua applicazione.

→ ELEMENTI DA MIGLIORARE

La graduatoria dei paesi più esposti a fenomeni di illegalità e insostenibilità, deve essere tenuta in conto per la valutazione del rischio, ma non modificare gli obblighi di due diligence. Una potenziale grande

carenza nel regolamento è l'esenzione "de facto" per le aziende che si forniscono da paesi classificati a "basso rischio". Ciò non solo svantaggerebbe le aziende che stanno implementando misure in quanto si riforniscono da paesi ad alto rischio, ma potrebbe anche trasferire l'approvvigionamento verso paesi a basso rischio. Lo stesso quadro di due diligence dovrebbe essere usato da tutte le imprese per assicurare parità di condizioni, senza scappatoie per quelle disoneste. La categoria a "basso rischio" nella classificazione dei paesi dovrebbe essere rimossa, così da assegnare a tutti un rischio standard che può diventare alto nel caso in cui l'applicazione dei criteri dell'Articolo 27 evidenzi ciò. I criteri e le procedure per stabilire il rischio collegato ai paesi esportatori devono essere chiari, oggettivi e scientificamente comprovati.

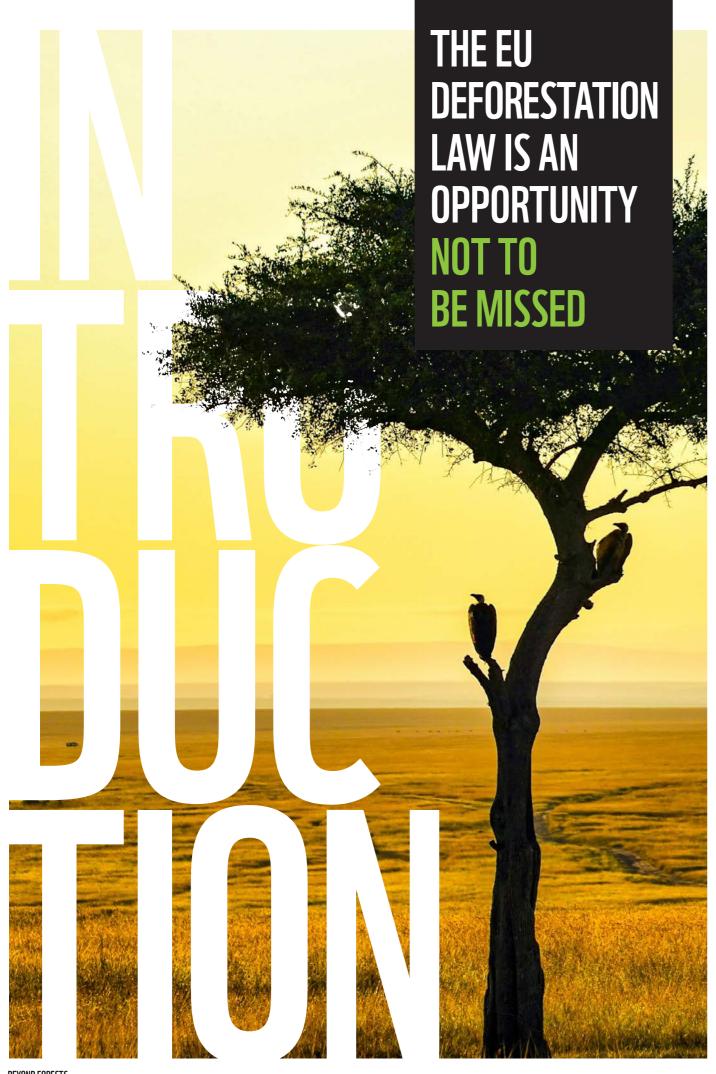
3. SUPPORTARE UN'APPLICAZIONE DELLA LEGGE FORTE, ARMONIZZATA E CONSISTENTE, FORNENDO ALLE AUTORITÀ NAZIONALI LE NECESSARIE MISURE E GLI STRUMENTI PER FARLO.

= ELEMENTI DA TENERE

C'è chiarezza sull'applicazione delle misure e delle sanzioni, con rigorosi standard per l'applicazione della norma. Ciò è combinato con una buona base per l'armonizzazione della catena di applicazione della norma, sia all'interno che tra gli Stati Membri dell'UE. L'introduzione di un vasto database europeo per registrare operatori importatori e commercianti, insieme alle Dichiarazioni di Due Diligence del venditore, porterà maggiore trasparenza e, di conseguenza, migliorerà l'attuazione della nuova legge. Segnalazioni Comprovate provenienti da ONG e altre parti terze sono tenute opportunamente in considerazione, supportando il lavoro delle Autorità Competenti.

→ ELEMENTI DA MIGLIORARE

misure correttive o urgenti, quali la confisca dei prodotti, non dovrebbero rimpiazzare le sanzioni per le compagnie, in modo da dissuadere l'inosservanza del regolamento. Gli Obblighi di Comunicazione non sono abbastanza severi, escludendo le piccolemedie imprese e introducendo la possibilità di effettuarle in base ad altre legislazioni. Siccome le comunicazioni sui sistemi di due diligence costituiscono uno strumento importante per analizzare l'adempimento del regolamento, tutte le imprese dovrebbero avere gli stessi Obblighi di Comunicazione ricadenti sotto la legge in discussione. Dovrebbero essere introdotte la responsabilità civile e il poter ricorrere in tribunale per grave inadempienza ed offrire la possibilità di ottenere una riparazione in caso di danno provocato.



On 17 November 2021, the EU published its "proposal for a Regulation on deforestation-free products" (henceforth "the regulation")³ governing the placing on the EU market of certain agricultural commodities and products. This report argues that, by not including natural ecosystems beyond forests within the scope of the regulation, the EU is missing the opportunity to address a huge part of its own footprint, and risks undermining its own goals on climate change and biodiversity loss. This report provides the evidence for this claim and demonstrates that it is necessary and feasible for the EU to include ecosystems beyond forests in this regulation.

NATURAL ECOSYSTEMS BEYOND FORESTS ARE UNDER A THREAT

We are living through global crises of climate change⁴ and biodiversity loss.⁵ Nearly three quarters of the ice-free land on earth is significantly altered by human activities,⁶ entailing loss of the natural vegetation, habitats, and ecosystem services that such places provide.

There is widespread recognition of the scale and impact of deforestation,⁷ but many natural ecosystems beyond forests are suffering conversion rates as high, or higher than, those of forests (see Figure 1). Scientists and researchers have for years been calling for the scope of protection to be widened to ecosystems beyond forests, but public awareness remains low, and regulatory protection for other ecosystems in most cases lags far behind that afforded to forests.

One of the major drivers of these impacts on the natural world is the production of agricultural, livestock, and forestry commodities, which account for around 23% of all net anthropogenic carbon emissions globally.8

Natural ecosystems beyond forests include mangroves, grasslands, savannahs, wetlands, and peatlands, among many others. They include some of the most extensive and biodiverse ecosystems on the planet. They store significant quantities of carbon, often held in long-term stores below ground, and they provide protection, livelihoods, materials, food, fresh water, and a sense of place and cultural identity to hundreds of millions of indigenous peoples and local communities (IPLCs).

The rate of loss of natural ecosystems means that the twin crises of biodiversity loss and climate change cannot be halted and reversed without decoupling agriculture, livestock, and forest commodity production from the conversion of natural ecosystems.

CONVERSION OF 5 NATURAL ECOSYSTEMS SAVANNAH In the period 1985-2020, more than 26 million hectares GRASSLANDS have been lost in the Cerrado, equivalent to an area greater than the size of the United Kingdom. MANGROVES **₩** PEATLANDS **AREA AT** TROPICAL RAINFOREST START **OF DATA PERIOD** GREAT PLAINS, USA SOUTH AND SOUTHEAST ASIA 10% CERRADO, BRAZIL PERCENTAGE OF AREA LOST SINCE START OF DATA PERIOD AMAZON, BRAZIL 20% 30% 50% 1985 1990 1995 2000 2005 2010 2015 2020

Figure 1: Conversion of 5 natural ecosystems. The change in area of the Amazon forest in Brazil is given as a comparator (see Appendix 1 for details).

THE EU'S COMMODITY IMPORTS 🖚 ARE DRIVING ECOSYSTEM CONVERSION GLOBALLY

The EU is a major importer of forest and ecosystem risk commodities that are directly associated with the loss of natural ecosystems; so called 'imported deforestation and conversion'. The EU ranks as the second biggest importer of tropical deforestation after China, and was responsible for an estimated 16% of all tropical deforestation associated with international trade in 2017 (totalling 203,000 hectares and 116 million tonnes of CO₂)¹³. Although attention has focused on the EU's role in tropical

deforestation, the EU also imports significant volumes of commodities that originate from natural ecosystems beyond forests, such as savannahs, grasslands, wetlands, and peatlands (see Section "Urgency"). This report demonstrates that EU supply chains have a direct and ongoing role in the conversion of ecosystems beyond forests around the world.



16%
OF ALL
TROPICAL
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ASSOCIATED WITH

INTERNATIONAL TRADE IN 2017

THE EU'S PROPOSED REGULATION IS A KEY OPPORTUNITY TO PROTECT NATURAL ECOSYSTEMS BEYOND FORESTS

The EU has already recognised its responsibility to reduce its global footprint and has set out its ambitions for environmental leadership in the European Green Deal. 14 It has recognised a need to ensure that its food chain has a neutral or positive environmental impact, helps to mitigate climate change, and reverses the loss of biodiversity.¹⁵ However, providing protection only to forests is a missed opportunity for the EU to reduce its role in driving conversion across all ecosystems. It may even have the effect of increasing conversion rates in ecosystems which fall outside the 'forest' definition, and will very likely make it impossible for the EU to achieve its overarching objectives to halt and reverse its impacts on climate change and biodiversity loss.

This report demonstrates that, unquestionably, the EU must integrate protection for ecosystems beyond forests into its legislation. The report also makes clear that the EU can do so, and that companies will be able to implement such requirements without undue difficulty.

The recently proposed regulation has developed from a series of policy and legislative initiatives which have previously recognised the need to protect ecosystems beyond forests. For example, in July 2019, the European Commission adopted a Communication on Stepping up EU Action to Protect and Restore the World's Forests, focusing on five priority areas. ¹⁶ This Communication recognised that "actions identified in this Communication can also be beneficial for certain other natural ecosystems as their loss is largely caused by the same drivers that cause loss of forests," elaborating that "certain natural ecosystems such as peatland and savannah, rich in carbon and biodiversity, do

not meet the definition of forests, but are affected by agricultural production and are seriously threatened...". ¹⁷

In October 2020, the European Parliament adopted a resolution calling on the Commission to develop an EU legal framework, based on mandatory due diligence, to regulate the placing of FERCs on the EU market.¹⁸ This resolution explicitly included "conversion and degradation of other natural ecosystems and human rights abuses, including violations of the formal and customary rights of Indigenous Peoples and local communities" within the scope of the proposed legislation.

In the last quarter of 2020, the European Commission set out its work programme for 2021, which included proposing legislation to minimise "the risk of deforestation and forest degradation associated with products placed on the EU market". ¹⁹ It also held a public consultation on "Deforestation and Forest Degradation - Reducing the Impact of Products Placed on the EU Market", taking forward work from the "Stepping Up" communication. But the proposed "demand-side measures to increase supply-chain transparency and minimise the risk of deforestation and forest degradation associated with commodity imports in the EU" on which they consulted did not mention preventing the conversion of natural ecosystems beyond forests. ²⁰

Nearly 1.2 million citizens from the EU and beyond responded to the consultation, a record number, demonstrating the high value that people place on forests and demanding that the products they buy are not linked to forest and ecosystem destruction.²¹

On 17 November 2021, the Commission published its "Proposal for a regulation on deforestation-free products". Despite the broad support from both the Members of the European Parliament and EU citizens, the proposed regulation includes only forest ecosystems within its scope.

The proposed legislation stipulates that a review of the scope of ecosystems covered within the legislation will take place two years after the proposal is adopted. ²³ By then however, many of these ecosystems will already have undergone irreversible degradation and destruction, and the carbon storage potential, biodiversity richness, and ecosystem services on which millions of IPLCs rely will, in many cases, be irrevocably depleted.

WWF and a number of other NGOs have repeatedly called for the scope of the EU legislation to cover "conversion and degradation of natural ecosystems alongside deforestation and the degradation of natural forests". This report provides further evidence to demonstrate that it is both necessary and feasible for the EU to redraft this regulation to include ecosystems beyond forests now.

ABOUT 1 THIS REPORT

This report challenges the EU to broaden the scope of its proposed legislation to provide protection for natural ecosystems beyond forests.

It begins by setting out the urgent need to protect and restore natural ecosystems beyond forests around the globe, focusing on four key ecosystem types - grasslands, savannahs, peatlands, and mangroves - to explain why these are important and how they have been and continue to be lost to commodity-driven conversion.

The report then demonstrates the responsibility that the EU has to protect all natural ecosystems from the impacts of its supply chains by focusing on nine case studies of biomes from South America, North America, Asia, and Africa. These case studies represent a varied, but not exhaustive, illustration of how EU imports of agricultural commodities from these biomes drive the conversion of natural ecosystems beyond forests.

Finally, the report shows that it is perfectly feasible to include natural ecosystems beyond forests within the EU's regulation – and that companies will be able to implement such requirements – using evidence from existing EU legislation, company practice, and a review of available tools, support services, and guidance.

The biomes and commodities studied in this report are by no means an exhaustive list of those areas to be addressed within the EU regulation, and nor does the report seek to specify the boundaries or criteria for which ecoregions should be included within the scope of the legislation. For example, the following important biomes dominated by non-forest ecosystems around the world are under significant threats from commodity-driven conversion and require urgent attention and protection, but due to limitations of space and/or paucity of data, they have not been included in the study:

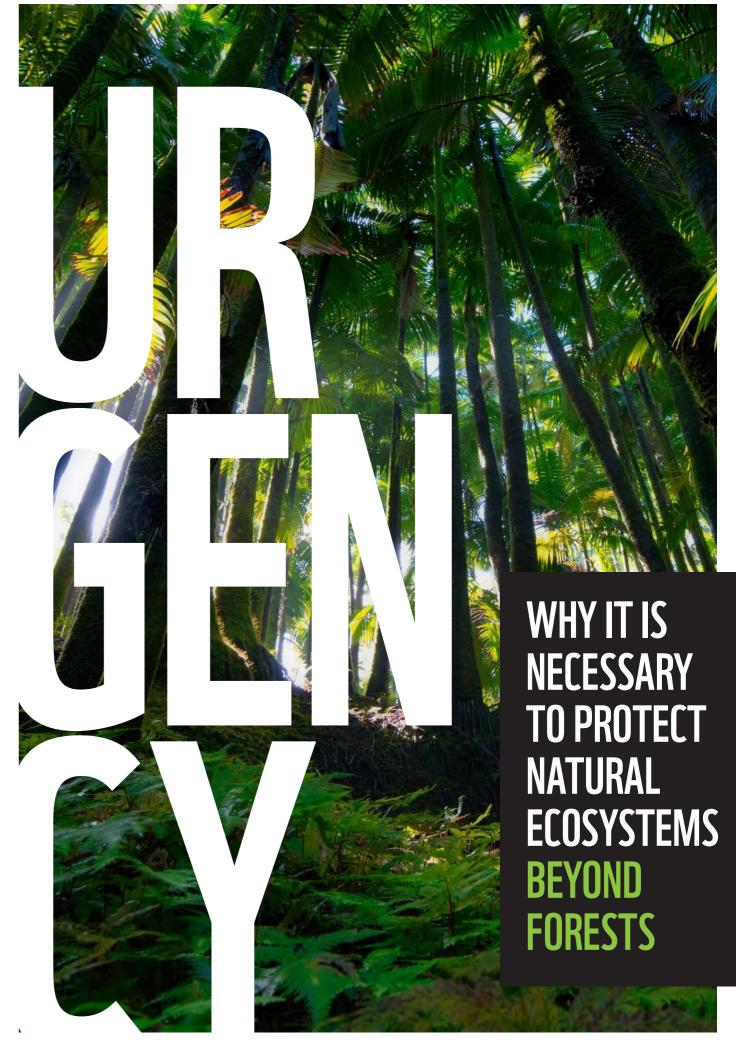
- Swamps and grasslands in Eastern Russia are being converted at a rapid pace into agricultural land for soybeans, corn, and wheat.²⁶
- The savannahs of the Congo Basin of the Republic of Congo are under significant threat, especially from the expansion of palm oil.²⁷
- The parámo grasslands in Ecuador have been rapidly converted into cropland over the past three decades, which has led to substantial losses in soil carbon ²⁸

Similarly, not all commodities that are driving conversion have been analysed in this report. For example, maize is a significant driver of conversion in the Great Plains but has not been included as it is not as significant within the EU's imports as soy and wheat. Hence, while this report in no way attempts to provide an exhaustive list of biomes and commodities to include within due diligence, we rather seek to demonstrate, through analysis and case studies, the ecological and social importance of natural ecosystems beyond forests around the world, the EU's responsibility to protect such ecosystems, and the feasibility from both a policy and corporate perspective to commit to such protection.

DEFINITIONS²⁹

This report focuses on the 'conversion' of natural ecosystems. 'Conversion' in this report is defined in accordance with the Accountability Framework as the change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function—whether the changes are legal, or not. Conversion includes severe degradation or the introduction of management practices that result in substantial and sustained change in the ecosystem's former species composition, structure, or function.³⁰

The term 'degradation' is often used in the literature alongside 'conversion' and refers to less severe but nonetheless negative changes within natural ecosystems. However, as the production of the commodities we consider generally causes full-scale land-use change, this report is limited to considering conversion rather than degradation.



Natural ecosystems beyond forests provide significant benefits including carbon storage, biodiversity, and social and cultural values that are comparable to those provided by forest ecosystems (Figure 2). However, they are being rapidly converted and lost. It is therefore critical that they are afforded the same level of attention and protection as forests by being included within the scope of the EU's "regulation on deforestation-free products".

In this report, we focus on four ecosystems - savannahs, grasslands, peatlands and mangroves - in order to summarise evidence on how they are valuable and how they continue to be threatened by commodity production. We then provide nine case studies of biomes from around the world to show how the EU's imports drive ecosystem conversion.

While mangroves and forested peatlands would in many cases fall within the FAO definition of forest ecosystems,³¹ they have been included in this study as they share several traits with non-forest ecosystems: some areas do not fit the forest definition proposed by the EU, some have already lost their tree cover but remain crucial ecosystems to be protected, they store the majority of their carbon below-ground and they have historically been overlooked.

Case studies were chosen to demonstrate a range of ecosystems and commodities - some are the usual suspects, while others are less well known. They illustrate the diversity of vegetation observed in many ecosystems and the need to consider natural ecosystems that do not fit strictly into a single definition.

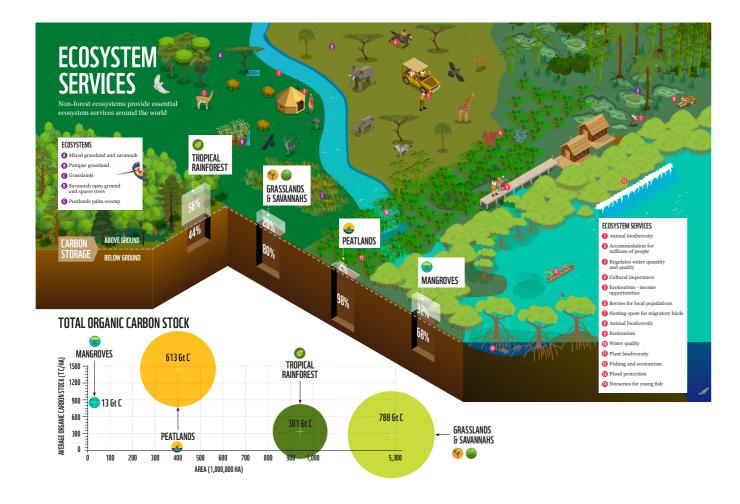


Figure 2: Illustration of the ecosystem services provided by mangroves, grasslands, savannahs, and peatlands, including biodiversity, livelihoods, and carbon storage both above and below ground (see Appendix 1 for details and methodology).

GRASSLANDS & SAVANNAHS

DESCRIPTION

"Grassland" is a broad term with varying definitions.³² A dominance of grasses is the unifying trait of these definitions, although it is widely acknowledged that grasslands may also include vegetation such as trees and shrubs.³³ Broadly speaking, savannahs can be considered a type of grassland with a greater presence of trees and shrubs, and they are sometimes included within the category of woodlands.^{34,35} The variety of names - prairies, shrublands, llanos, paramos, meadows, steppe, veld, plains, pampas, campos, grasslands, rangelands, savannahs - of grass-dominated ecosystems indicates their diversity and their distribution all around the world.³⁶ They have evolved over millions of years and have been shaped by the progressively cooling global climate, seasonal wildfires, frost, and/or the emergence of large herbivores.³⁷

ECOLOGICAL IMPORTANCE

Grassland ecosystems have immense ecological significance and are crucial in the fight against climate change. They are rich in endemic, specialized biodiversity, and they have been found to store approximately the same amount of carbon as forest ecosystems;³⁸ as much as 30% of total terrestrial carbon.³⁹ In addition, grassland ecosystems are often more stable stores of carbon than forests, as the vast majority is stored below ground, meaning it is less vulnerable to disturbance by droughts and fires than forests.⁴⁰

In addition to their importance for mitigating climate change, grasslands and savannahs are home to incredible global biodiversity and support extremely rich flora and fauna. For example, the Cerrado biome of Brazil, largely dominated by savannah, has plant species richness on par with that of the Amazon rainforest,⁴¹ and the Orinoquía region of Colombia contains over 55% of Colombia's wetland habitats and supports 318 mammal species, representing 69% of all mammal species in Colombia.⁴²

SOCIAL IMPORTANCE

Grasslands and savannahs are not only significant for ecological reasons; they are also home to more than one billion people around the world for whom they provide essential ecosystem services. 43 Livestock grazing has provided sustainable livelihoods for indigenous peoples and local communities throughout all of human history. In addition to providing key services such as food, water, medicines and fuel, grasslands and savannahs also provide important cultural and spiritual services to the millions of people that live in them

across Africa, Asia, Australia, as well as North and South America. 44.45 In Brazil's Cerrado, for example, foraging for wild fruit - some traded internationally as "superfoods" - and ecotourism are just two of the important sources of income the habitat provides for IPLCs in the region. 46 The services provided by these ecosystems extend to people far beyond those living there; the Cerrado is the origin of 8 out of 12 of Brazil's watersheds, and thus, the citizens of major Brazilian cities are dependent on the health of the Cerrado for both the quantity and quality of the water they consume. 47

THREATS

Despite the large number of both ecological and social ecosystem services provided by grassland ecosystems, about half of the planet's grasslands and savannahs have already been lost.⁴⁸

Persistent burning of grasslands and overgrazing when land is converted to pasture has contributed to grasslands and savannahs becoming among the most threatened ecosystems on the planet,⁴⁹ and despite their ecological and climatic importance, they are afforded very low levels of protection; only 8% of grasslands across the world are protected.⁵⁰

Grassland conversion has also already resulted in the decline of species; for example, since the 1960s, the number of grassland songbirds in the Great Plains has declined by 80%, and species like the Chestnut-collared Longspur are under notable threat.⁵¹

Agricultural commodities have been found to be a main driver of the threats towards grasslands and savannahs; a study on the 133 Brazilian municipalities that supply soy directly to the UK – most of which also supply the EU – showed that remaining non-forest vegetation that has no legal protection, and which is therefore at an elevated risk of conversion, stores 149.8 million tonnes of carbon.⁵² The same municipalities contain 619 critically endangered, endangered or vulnerable species⁵³. Protecting such ecosystems is thus critical for reversing the current sixth mass extinction that we find ourselves in.⁵⁴

Without increased protection and recognition in environmental legislation such as the due diligence laws currently being developed by the EU, such conversion is likely to continue. A much stronger focus on grasslands and savannahs is needed to ensure they get the recognition and protection they deserve; whilst many researchers understand their critical importance, this urgently needs to be elevated and amplified among governments, private sector actors, and citizens.

PEATLANDS

DESCRIPTION

Peatlands⁵⁵ are important natural wetland ecosystems with high value for biodiversity, climate regulation, and human welfare. They are found in more than 180 countries,⁵⁶ from sub-polar to boreal zones and the tropics. Although they cover less than 3% of the Earth's surface, they store one-third of total global soil carbon.⁵⁷ Many IPLCs are dependent on peatlands, and the ecosystems also provide a wealth of goods and services to industrial societies, including carbon storage, water regulation, and biodiversity conservation.

Peat soils are formed by the build-up of partially decomposed organic matter under waterlogged anaerobic conditions. Most peat is found in cool climatic regions where decomposition is slower, but deposits are also found in the tropics, and recent discoveries suggest the extent and depth of these, and hence carbon stored, is much larger than originally thought.⁵⁸ Peatlands may be naturally forested, as is often the case in Southeast Asia, or naturally open and vegetated with mosses or sedges, as is often the case in Latin America.⁵⁹ Suitable conditions for the formation of peatlands occur in many parts of a landscape – they can be found on watersheds and in river valleys, around lakes, along seashores, in high mountains, and even in the craters of volcanoes.

ECOLOGICAL IMPORTANCE

Peatlands are the most carbon-dense of any terrestrial ecosystem in the world, 60 storing twice as much carbon per hectare as the world's forests. 61 Peatlands globally hold an average of approximately 1,375 tonnes of carbon per hectare. 62 Forested peatlands have particularly high carbon stocks and are extremely vulnerable to logging and changes in regional climate. 63

Current greenhouse gas emissions from drained or burning peatlands are estimated to be up to five percent of all emissions caused by human activity – in the range of two billion tonnes of CO₂ per year,⁶⁴ approximately double the emissions from global aviation⁶⁵ and twice as large as the CO₂ emissions occurring due to deforestation and fires in the Amazon rainforest.⁶⁶

Tropical peatlands support a wide range of unique, threatened and/or endemic tropical species including 31 species of lowland rainforest trees known as dipterocarps across Southeast Asia⁶⁷ and five of the six species of great apes. Often inaccessible, the biodiversity of most peatlands is poorly understood.⁶⁸

Peatlands are important for the long-term storage of water, globally, as they consist of about 90% water⁶⁹ and thus act as vast water reservoirs. Worldwide, peatlands contain 10% of global freshwater reserves,⁷⁰ contributing to the water security of human populations and ecosystems downstream. They play an important role in the provision of drinking water and for agricultural irrigation, both in areas where catchments are largely covered by peatlands, and in drier regions where peatlands provide a limited but constant availability of water.

SOCIAL IMPORTANCE

Peatlands have supported the health and wellbeing of people for thousands of years,^{71,72} and provide food security and livelihoods for many communities,⁷³ although tropical and temperate peatlands can have very different uses, histories, and contemporary threats.

Pristine peatlands in boreal and temperate regions are a source of berries, mushrooms, and medicinal plants,⁷⁴ and in the tropics provide an even wider variety of non-timber products. In many areas, including Indonesia, fishing in peatland catchments is the main source of income; people here traditionally catch fish and reptiles, as well as collecting fuel wood, grass and other products.⁷⁵ Across the Cuvette Centrale peatlands in both the Republic of the Congo and the Democratic Republic of the Congo, people also rely on peat forest resources for their livelihoods, with a focus on fishing and small-scale farming of crops such as manioc and banana.⁷⁶ These products are important sources of vitamins and proteins, especially for rural communities.⁷⁷

THREATS

Around the world peatlands are under threat from drainage for development, mainly for the purposes of agriculture, forestry, resource extraction, and infrastructure development. At least 15% of global peatland reserves are estimated to have been either destroyed or degraded.⁷⁸ Over 90% of peat swamp forests in Southeast Asia have been impacted by deforestation, conversion, drainage and legal or illegal

logging.⁷⁹ In Western Europe, many countries have converted over 90% of the original extent of their peatlands over the past centuries,⁸⁰ contributing to the loss of 50%⁸¹ or more⁸² of some of these countries' original biodiversity and releasing vast amounts of carbon into the atmosphere.

Clearance and drainage of peatlands results in the oxidation of the carbon-rich soil and release of carbon to the atmosphere. Initially, the organically rich soil means peatland areas can be highly productive when first converted to agriculture, but the generally low level of nutrients means they are quickly exhausted. Once dried, peatlands are vulnerable to widespread and prolonged fires. The low oxygen content of peatlands results in partial burning of the organic matter and high loads of particles, contributing disproportionally to air pollution and haze.

Much of the small-scale but widespread agricultural encroachment in tropical peatlands is linked to severe poverty, 83 whereas large-scale encroachment is driven mainly by palm-oil plantations. In Southeast Asia, oil palm plantations have been

one of the main drivers of peatland degradation (along with Indonesia's unsuccessful 'Mega Rice Project' of the 1990s⁸⁴). Of the 4.3 million hectares of peatland in Peninsular Malaysia, Sumatra, and Borneo that has now been converted, 73% is occupied by oil palm plantations.⁸⁵

Nowadays, there is very little new peatland drainage in temperate zones⁸⁶ due to declines in crop production and increasing costs.87 However, the area being drained in the tropics is dramatically increasing, particularly in Southeast Asia, thus increasing flammability and risk of pollutionrelated public health crises. In 2010, toxic smoke from burning of degraded peatlands in Russia resulted in 50,000 additional deaths in the city of Moscow.88 In 2015, fires burned for 5 months across 2.6 million ha of land in Indonesia, of which 33% was peatlands; the total cost of the fire was estimated at USD 16.1 billion.89 About 500,000 people were hospitalized and thousands of others suffered including people in the neighbouring countries of Malaysia and Singapore.90



MANGROVES

DESCRIPTION

Mangrove forests occur along sheltered tropical and subtropical shorelines including the west and east coasts of Africa, Asia, and North and Central America.91,92 They support around 60 species of salttolerant trees and a wide variety of aquatic and salttolerant plants and animals.93 Mangrove trees have distinctive semi-submerged roots, which allow them to grow in waterlogged and oxygen-poor soils in the intertidal zone between terrestrial and near-shore marine ecosystems. The trees are highly adapted to their habitat and their aerial roots absorb oxygen from the air whilst their leaves excrete excess salt.94 Although usually considered a subset of forests, the unique characteristics of mangroves and the severe consequences of their degradation and conversion warrants their inclusion here.

ECOLOGICAL IMPORTANCE

The total carbon storage potential of mangroves (above- and below-ground) is considerable and roughly 50% higher than that of tropical rainforests (470 tonnes C/ha compared to 320 tonnes C/ha). 95.96 The majority of the carbon is held in the waterlogged, peaty soils where it can remain stored for centuries if not disturbed. Enhanced sedimentation caused by mangrove forests can increase the formation of coastal carbon-rich peat soils. 97 Global mangrove forests currently store over 21 gigatons of CO₂ 98 but annual rates of mangrove clearance release 24 million tonnes of CO₂ each year; equivalent to approximately 5 million passenger vehicles driven for one year. 99

Mangroves support very high biodiversity and unique ecological communities. Occurring at the interface between terrestrial and marine ecosystems, mangroves provide a wide array of habitats and are home to a diversity of terrestrial, estuarine, and marine plants and animal species. Mangrove trees and other species have evolved adaptations to the salty, oxygen-poor coastal conditions and tidal regimes, and are highly unique to mangrove ecosystems. Mangrove forests also provide critical shelter for nurseries of young fish and other marine life as well as being key nesting and stop-over sites for migratory birds. 100 They are critical to the existence and health of adjacent habitats, including seagrass beds and coral reefs, through controlling nutrient and sediment flows and protecting coastal areas from flooding, erosion, and storm damage¹⁰¹. Globally, mangroves support over 340 internationally threatened species including the hawksbill turtle, the Bengal tiger and several water bird species¹⁰².

SOCIAL IMPORTANCE

Particularly in rural coastal areas with high rates of poverty, mangroves provide a critical source of livelihoods, food, construction materials and fuel for local populations, as well as providing employment and income opportunities through fishing and tourism. 103,104 Mangroves also underpin the existence and health of adjacent habitats including coral reefs, which have significant cultural value. 105 Communities traditionally use mangrove forests for subsistence fishing and harvesting products including firewood, fruit, salt, and leaves for livestock feed. 106 The impact of subsistence exploitation of mangroves is relatively small. Wood removal for firewood, for example, may lead to some degradation of the habitat but is rarely a cause of mangrove loss. 107

In addition to supporting livelihoods and food security, mangroves play a valuable role in coastal protection. Dense mangrove forests significantly attenuate the energy of waves providing protection to coastal communities against storms and erosion. ¹⁰⁸ This ecosystem service is becoming increasingly important as rising sea levels intensify the threat to coastlines. The flood and erosion protection provided by healthy mangrove forests is worth millions of dollars to affected areas each year. ¹⁰⁹

THREATS

Mangrove forests are declining at an extremely rapid rate worldwide. Around 1-2% are lost per year - a rate equal to or greater than declines in coral reefs and tropical forests110 - and approximately 35% of mangroves have been lost in the last 20 years.111 Direct human impacts are responsible for over 60% of mangrove loss. 112 This is primarily through conversion to produce commodities such as rice, shrimp, and palm oil, which accounted for 62% of global mangrove losses between 2000 and 2016.113 Other pressures include coastal urbanisation, mining, and petroleum extraction.114 Climate change also poses a major threat to mangroves through sea level rise and increasing storm frequency and intensity. Losses are occurring in nearly all countries that have mangroves¹¹⁵ with particularly extensive losses in Southeast Asia, which hosts around one-third of global mangroves.116



RISKS OF PRODUCTION LEAKAGE TO NATURAL ECOSYSTEMS BEYOND FORESTS

If the EU's product-based due diligence legislation includes protection only for forests, it is likely that part of the production currently expanding into forests will sooner or later shift from forest to natural ecosystems beyond forests, adding itself to the existing overwhelming pressure of commodity expansion onto natural ecosystems beyond forests. This shift is already happening. For example, while the Amazon Soy Moratorium, adopted in 2006, is widely held to have contributed to a dramatic reduction in deforestation related to soy conversion in the Brazilian Amazon, conversion of the Cerrado to cropland over the same period has continued to rise; from 7% between 2003-2005 to 16% between 2011-13.117 This has been the case even though there are large areas of degraded land elsewhere that could be used for agriculture rather than clearing native vegetation. One reason is that while financial returns of converting pastureland to cropland are higher than converting native vegetation, lower land prices for native vegetation means that this is often cleared instead of land that has already been converted. Moreover, the flat topographies of savannahs and their sparse vegetation compared to forests increases the ease of conversion and is thus a key driver of land clearing; as a result, they are now among the most threatened ecosystems globally. $^{\tiny 118}$

This phenomenon of increased pressure on other natural ecosystems when protection is afforded only to forests has also been seen in other contexts. 119. For example, in the Congo Basin, the government decided in 2019 that all large-scale agricultural activities beyond five hectares should be oriented to the savannahs in response to calls to protect forests. 120 In addition, North American soy producers market themselves to European and Asian Markets on improved environmental practices compared to South America, 121 which has resulted in European soy buyers increasing their imports from North America to reduce deforestation risks, while the large-scale crop-related conversion of the Great Plains is overlooked.

The ecological reality is that there are rarely distinct borders between one ecosystem and another: there are transition zones and complex mosaics of vegetation. Given the complex land use dynamics associated with agricultural expansion, it is essential to avoid focusing exclusively on a single ecosystem or small group of commodities and instead consider all major landscapes affected by commodities that risk driving habitat conversion. To ensure that agricultural production becomes genuinely sustainable, rather than simply shifting the production from forest areas to other valuable natural ecosystems, the EU must include all natural ecosystems within the scope of its due diligence legislation.

CASE STUDIES - HOW THE EU'S IMPORTS DRIVE ECOSYSTEM CONVERSION

This section outlines the responsibility of the EU for the conversion of valuable natural ecosystems around the world. This is illustrated through case studies of nine ecological regions for which the main commodities driving conversion are identified and the share of the EU's imports of the given commodity from the region are estimated (Figure 3). This demonstrates how the EU, by virtue of its size and weight as a global trade partner, has a significant role in the conversion of these habitats and a responsibility to protect these and other natural ecosystems from commodity-related conversion.

The nine biomes highlighted are illustrative examples. Each illustrates specific elements of the links between EU supply chains and conversion, and the consequences of that conversion:

- The volume of imports of palm oil from peatlands in Sumatra and Kalimantan, of soy and beef from the Cerrado in Brazil, wheat and soy from the Great Plains in the USA and natural rubber from Sumatra, Indonesia all demonstrate the scale of potential impact of the EU on these threatened ecosystems.
- Other case studies demonstrate often overlooked EU

- and which can have disproportionate environmental and social consequences (e.g., shrimp from mangrove ecosystems in Kalimantan, Indonesia).
- The case of the Cuvette Centrale, Congo Basin, Democratic Republic of Congo is an example of an emerging frontier of conversion in which the EU has an opportunity to play a role in preventing the large-scale ecosystem destruction that has been repeated so often elsewhere.

Figure 3 displays the supply chain links between the nine case study ecosystems and the EU. The arrows indicate the exports from the biomes to the EU, which in many cases represent a significant proportion of EU imports of that commodity. In other cases (e.g., soy from the Chaco in Argentina, shrimp from mangroves in Kalimantan, and timber from DRC), the trade volumes to the EU are a significant proportion of exports of commodities from those places and this is shown by the embedded charts.

The EU therefore has a clear responsibility to regulate to ensure that natural ecosystems beyond forests are not degraded or converted to supply the EU's ongoing demand for agricultural, livestock and forest products.

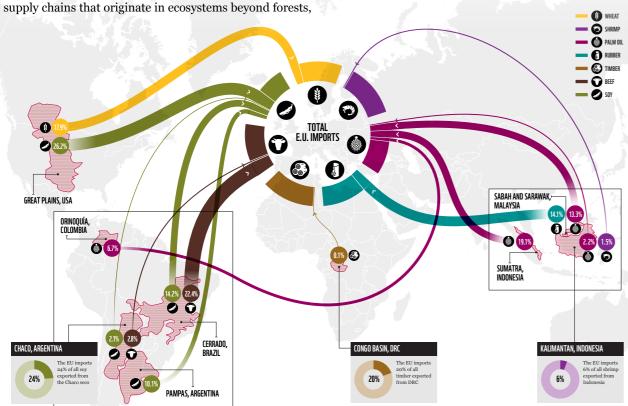
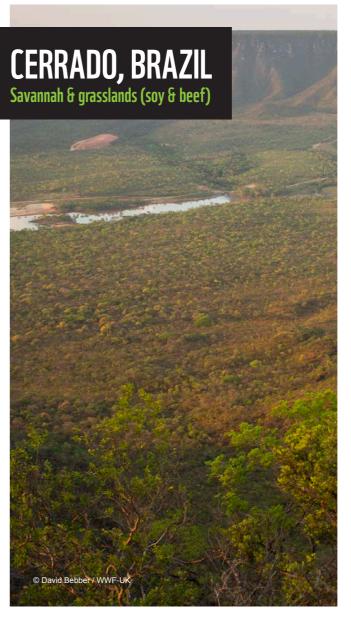


Figure 3: The proportion of EU commodity imports which come from the nine biomes featured in case studies in this report. Arrows show the percentage of EU imports of each commodity which come from each geographical area, an indicator of how important the area is to the EU. Embedded charts show the proportion of the area's production that is exported to the EU. The first is an indicator of how important the area is to the EU. The second is an indicator of how important trade with the EU is to the area, and has been provided in those cases where this gives a different perspective on the relationship than the first indicator alone. (See Appendix 1 for methodology and further details)





ECOSYSTEM DESCRIPTION:

Characteristically savannah, but in reality, a complex mosaic of savannah, grassland, and forest.122



AREA:

200 million hectares123



⇄ CONVERSION:

More than half of the Cerrado has already been cleared of its native vegetation. mostly since the 1970s. 124 Soy and beef production are two of the major drivers of conversion.125



The most species-rich tropical savannah in the world, the Cerrado is home to nearly 5%

of the world's species, 126 and approximately 5,000 plant species can be found only in the Cerrado.127

CARBON STORAGE:

Cerrado vegetation stores significant quantities of carbon: 22-78 tonnes of carbon per hectare in the vegetation, with a further 97-210 tonnes per hectare in the soil.128



The Cerrado contains 8 out of 12 of Brazil's watersheds,129 and these rivers are crucial for regulating both the quality as well as the quantity of water supplies to major cities in Brazil.¹³⁰ The Cerrado is home to over 80 indigenous peoples.131

EU IMPORTS OF SOY AND BEEF FROM THE CERRADO. BRAZIL

Soy. In 2019, the EU imported an estimated 4.8 million tonnes of soy directly from the Cerrado¹³². This is equivalent to 14% of all direct imports of soy into the EU and 11% of all soy exports from the Cerrado.133

Beef. Brazil is responsible for 13% of global beef production 134. EU imports of beef directly from the Cerrado in 2019 were 70,000 tonnes¹³⁵, accounting for 26% of the EU's total beef imports (Figure 3). This is equivalent to 19% of beef exports from the Cerrado.136





26% OF BEEF IMPORTED FROM BRAZILIAN CERADO **69,797 tonnes** Estimated EU imports from the Brazilian Cerrado

23



Extensive area of grasslands with scattered islands of forest in the southeast of Argentina. 137



AREA:

82 million hectares.138



⇄ CONVERSION:

By 2016 almost three quarters of its area was cropland. 139 The rate of conversion is still high, and the grasslands have been shrinking at a rate of 1% a year in some areas, and 10% a year in others. 140 Soy, maize, wheat, and cattle are major drivers.141



BIODIVERSITY:

It hosts a rich biodiversity including 4,000 native plant, 300 bird, 29 mammal, 49 reptile and 35 amphibian species. 142 The biome is particularly important for neotropical and Nearctic birds which migrate from the Northern Hemisphere during the winter. 143



CARBON STORAGE:

It has been estimated that the Pampas grasslands store 56 tC/ha.144



OTHER OUTSTANDING CHARACTERISTICS:

The social organisation of the Pampas has been redefined as a result of agricultural intensification, with an employment shift towards large agribusinesses rather than small family-run farms. 145 60% of the Pampas region is currently under annual production.¹⁴⁶ Even with significant changes in policy, the economic incentives of converting natural grassland to cropland is very high as profits are greater than any alternative use.147

EU IMPORTS OF SOY FROM THE PAMPAS, **ARGENTINA**

In 2019, the EU imported an estimated 3.8 million tonnes of soy directly from the Pampas¹⁴⁸. This is equivalent to 10% of all direct imports of soy into the EU, and 15% of all soy exports from the biome149.

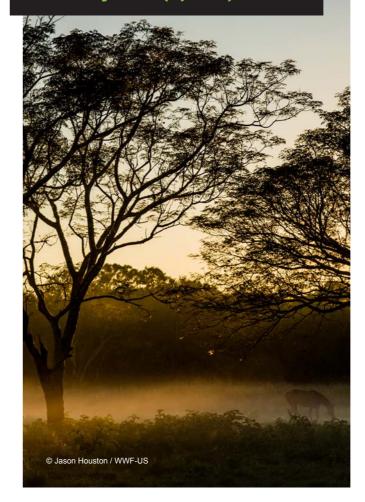


OF SOY EXPORTED From Argentinian Pampa

3,813,433 tonnes Estimated EU imports from the Argentinian Pampa

GRAN CHACO, ARGENTINA

Savannah and grasslands (soy & beef)



ECOSYSTEM DESCRIPTION:

The Gran Chaco stretches across subtropical to temperate regions creating two broad ecoregions; the Dry Chaco to the west and the Humid Chaco to the east¹⁵⁰. Much of the Dry Chaco is forested but there are also important areas of natural grassland, savannahs, scrublands and wetlands.151



AREA:

108 million hectares.152



Between 2010 and 2017, agricultural and pasture lands expanded by around 3.7 million hectares in the Gran Chaco region, with corresponding declines in forest cover and grasslands. 153,154 An estimated 14% of the Argentine Chaco was converted to agriculture during the 2000s. 155 Soy is the main driver. 156



The grasslands and savannahs of the Dry and Humid Chaco provide critical habitat for a distinctive component of Chaco biodiversity. 157 Many species of the Chaco - including several that are of conservation concern - are strongly associated with areas of open savannah rather than forest; for example, the vulnerable giant anteater, the near-threatened greater rhea, and the near-threatened maned wolf.158



CARBON STORAGE:

Carbon stocks in these natural grasslands and savannahs are poorly understood, however the above ground carbon stock is arount 6otC/ha.159



OTHER OUTSTANDING CHARACTERISTICS:

Historically, people used the Gran Chaco area for subsistence cattle rearing, with relatively minimal impacts on the habitat. However, this low-intensity production has been rapidly replaced with large-scale commercial agriculture and cattle ranching.16

EU IMPORTS OF SOY AND BEEF FROM THE GRAN CHACO

Soy. Argentina is responsible for 16% of global soy production¹⁶¹. The EU imported nearly 600,000 tonnes of soy from the Chaco biome in 2019, which is 24% of the total soy exports from the biome¹⁶².

Beef. Argentina is responsible for 4% of global beef production¹⁶³. The EU imported an estimated 7,500 tonnes of beef from the Chaco biome in 2019, which is 3% of total imports¹⁶⁴. However, this estimate should be considered provisional due to a paucity of data (see Appendix 1).



OF SOY EXPORTED FROM ARGENTINIAN CHACO

592,101 tonnes Estimated EU imports from the Argentinian Chaco



7.500 TONNES OF BEEF IMPORTED FROM ARGENTINIAN CHACO

3% Estimated EU imports from the Argentinian Chaco





Characterised by large, open savannah vegetation¹⁶⁵ but has high habitat diversity with three distinct types of savannah ecosystem, each supporting different species assemblages¹⁶⁶, as well as 55% of Colombia's wetland



AREA:

35 million hectares.168



⇄ CONVERSION:

Around 12% of the Orinoquía has been converted for agricultural use¹⁶⁹. Around 30% of Colombia's palm oil is produced in the Orinoquía region¹⁷⁰. The total area of palm oil plantations in Colombia more than doubled between 2002 and 2012, to 452,000 ha¹⁷¹, making it the largest producer of palm oil in South America¹⁷² and the fourth largest in the world¹⁷³.



BIODIVERSITY:

It is one of the most biodiverse places on the planet, 174,175 with over 300 mammal species, 176 4,800 plant species, 1,300 bird, 119 reptile and amphibian and around a thousand different fish species. 177 However, only 4% of the area is protected. 178



CARBON STORAGE:

The total carbon content of the Orinoquía area is estimated to be equivalent to around 3.7 billion tonnes CO2 in the topsoil alone. 179 This is equivalent to approximately 20 times the size of Colombia's total emissions in 2018 (184 million tonnes CO2 eq). 180



OTHER OUTSTANDING CHARACTERISTICS:

The Orinoquía contains 40% of Colombia's subterraneous water¹⁸¹. It is home to several indigenous peoples, who rely heavily on fish for subsistence and income

EU IMPORTS OF PALM OIL FROM COLOMBIA

Around 50% of the palm oil produced in Colombia is exported182 and Europe is the destination for around 60% of these exports, with the Netherlands and Spain being the main destination

The EU imported an estimated 981,000 tonnes of palm oil, palm kernel oil, palm kernel meal and palm oil derivatives from Colombia in 2019¹⁸⁴, which is 7% of total EU imports of oil palm products of 14.7 million tonnes. There is no up-to-date data on the quantity of palm oil exported from the Orinoquía region to the EU, but it has been estimated that 30% of Colombia's palm oil production is from the Orinoquía region,185 implying that a significant proportion of the EU's imports from Colombia are likely to originate from this biome.



OF PALM OIL, PALM KERNEL And Palm Kernel Meal Imported from Colombia

980,732 tonnes Estimated EU imports from Colombia

GREAT PLAINS, USA

Grasslands (wheat and soy)





ECOSYSTEM DESCRIPTION:

The Great Plains region is predominantly grassland, constituting 48% of the total area. 186 The east is characterised by tallgrass and medium grass vegetation (prairies), whereas the west contains more shortgrass and bunchgrass vegetation (steppes).¹⁸⁷



252 million hectares.188



⇄ CONVERSION:

Today only 53% of Great Plains grassland ecosystems remain intact. 189 Between 2018 and 2019, an estimated 1.1 million hectares (2.6 million acres) of grassland were converted into cropland. 190 The leading cause of grassland loss in the Great Plains region is conversion to croplands, and around 70% of the conversion between 2018-2019 was for three crops: maize (25%), soy (22%), and wheat (21%)191.



BIODIVERSITY:

The Great Plains are home to tens of millions of grassland birds, bison, elk, pronghorn antelope and deer and their predators. 192 However, grassland conversion has already resulted in the decline of species; for example, since the 1960s, the number of grassland songbirds in the Great Plains has declined by 80%, and species like the Chestnut-collared Longspur are under notable threat.193



CARBON STORAGE:

Although no dedicated studies on the Great Plains exist, the carbon stock in North American grasslands is estimated at 156tC/ha.194 Conversion of grasslands to crop production in this region reduces soil organic carbon stocks by approximately 30%.195



OTHER OUTSTANDING CHARACTERISTICS:

The remaining grasslands provide important ecosystem services for human populations - 1.1 million live in the Northern Great Plains alone¹⁹⁶ - including water filtering and flood protection;197 conversion to agriculture leads to phosphorus and nitrogen runoff into water sources and increased costs treating drinking water.

EU IMPORTS OF SOY AND WHEAT FROM THE USA

Soy. The USA is responsible for 28% of global soy production 198. The EU imported an estimated 7.6 million tonnes of soy from the USA in 2019199, which is 22% of total EU sov imports. There is no up-to-date data on the quantity of soy exported from the Great Plains to the EU, but approximately 10-15% of USA soy production is from the Great Plains²⁰⁰, implying that around 2-3% of all EU imports of soy are likely to originate within the biome.



OF SOY IMPORTED FROM THE USA

7,589,005 tonnes Estimated EU imports from the USA

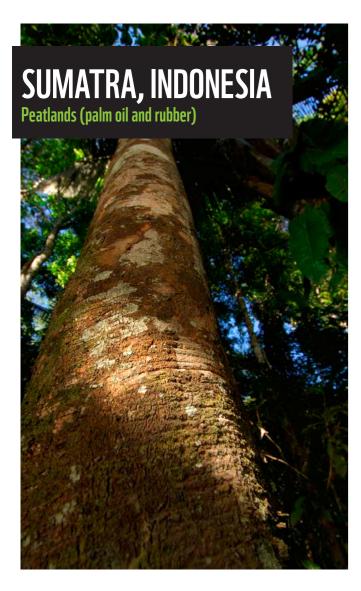


production.²⁰¹ The EU imported an estimated 829,000 tonnes of wheat from the USA in 2019,202 which is 18% of total EU wheat imports of 4.6 million tonnes. There is no up-to-date data on the quantity of wheat exported from the Great Plains to the EU, but approximately 64% of USA wheat production is from the Great Plains, 203 implying that around 11% of all EU imports of wheat may originate from within the biome.

Wheat. The USA is responsible for nearly 6% of global wheat

828.739 TONNES OF WHEAT IMPORTED FROM THE USA

18% Estimated EU imports from the USA



Two types of peat swamp forests can be found on Sumatra; mixed peat swamp forest and pole forest.²⁰⁴



7.2 million hectares²⁰⁵



CONVERSION:

Only 6% of Sumatra's peatland remains unconverted or degraded with the main drivers being palm oil, plantation forest for pulp production, and rubber. 206,207,208 Around 19% (1.2 million hectares) of Sumatra's peatland area has been converted to palm oil plantations.²⁰⁹ Natural rubber is also a significant driver of land clearing in Sumatra, ²¹⁰ which is the primary rubber cultivation area in Indonesia.



BIODIVERSITY:

While the peat swamps of Sumatra do not support any endemic mammal species,²¹¹ they are the last remaining refuge for a number of critically endangered species such as the Sumatran tiger and rhino - species that would otherwise prefer areas with mineral soil.²¹²



CARBON STORAGE:

The carbon storage within tropical peat soils is significant, ranging from 250 to 750 tonnes of carbon per hectare, which is greater than the above-ground carbon storage of tropical rainforests²¹³.



OTHER OUTSTANDING CHARACTERISTICS:

More than 10 million people live and depend directly on Indonesian peatlands for a range of products and income sources including fishing, providing fuel and other non-timber products. ^{214,215} While rubber production has the potential to increase the income of smallholder farmers under the right institutional arrangements,216 the substantial costs associated with drainage²¹⁷ means that income opportunities could likely be further increased if rubber was planted on mineral soils rather than degraded peatlands.

EU IMPORTS OF PALM OIL AND NATURAL RUBBER FROM SUMATRA

Palm oil. Indonesia is the largest producer of palm oil in the world and is responsible for around 60% of the world's palm oil production.²¹⁸ The EU imported an estimated 6.7 million tonnes of palm oil, palm kernel oil, palm kernel meal and palm oil derivatives from Indonesia in 2019²¹⁹, which is 46% of the total EU imports of oil palm products of 14.7 million tonnes. The most up to date information on EU imports from Sumatra (2015) suggest that over 2 million tonnes were imported in 2015 220, implying that approximately 14% of the EU's imports could originate there. This is equivalent to 16% of Sumatra's palm oil exports.

Natural rubber. Indonesia is the second largest producer of natural rubber in the world, responsible for around 22% of the world's production ²²¹. The EU imported an estimated 701,000 tonnes of natural rubber from Indonesia in 2019 222, which is 28% of total EU imports of natural rubber of 2.5 million tonnes. Whilst there is no data on EU imports of natural rubber from Sumatra, the island accounts for approximately two-thirds of Indonesia's production ²²³, which suggests that approximately 19% of the EU's imports could potentially originate there. This is equivalent to 19% of Sumatra's exports of natural rubber.



OF PALM OIL, PALM KERNEL and palm Kernel Meal IMPORTED FROM SUMATRA

2,074,864 tonnes Estimated EU imports from Sumatra.



OF NATURAL RUBBER IMPORTED FROM SUMATRA

469,529 tonnes Estimated EU imports from Sumatra.

KALIMANTAN, INDONESIA Mangroves (shrimp) and peatlands (palm oil)

MANGROVES



ECOSYSTEM DESCRIPTION:

The mangroves of Kalimantan have high species richness, and 17 different species of mangroves have been identified in East Kalimantan.²²⁴



Mangroves fringe much of the Kalimantan coast covering 274,029 hectares across East, West and Central Kalimantan, amounting to around 8% of the total mangrove area in Indonesia²²⁵.



→ CONVERSION:

In the period 2000-2016, commodity-driven conversion was by far the biggest driver of mangrove loss in Indonesia and has been especially concentrated on Kalimantan.²²⁶ It has been estimated that 40% of mangrove losses in Indonesia have occurred due to aquaculture.²²⁷



BIODIVERSITY:

Borneo mangroves are among the most species-rich in the world and are a major habitat of proboscis monkeys and²²⁸ other vertebrates. They are highly valuable for coastal protection and fish breeding refuges.²²⁹



CARBON STORAGE:

Mangroves in Kalimantan are a particularly effective carbon store; soil carbon stocks in the Tanjung Puting area are among the highest ever surveyed in mangroves, at around 1,060 tonnes of carbon per hectare.²³⁰



OTHER OUTSTANDING CHARACTERISTICS:

While mangroves provide a source of wood for local populations, wood removal is rarely the main cause of mangrove loss.231

EU IMPORTS OF PALM OIL AND SHRIMP FROM KALIMANTAN

Shrimp. Indonesia is responsible for around 8% of the world's shrimp production²⁴⁶. The EU imported an estimated 8,800 tonnes of shrimp from Indonesia in 2019²⁴⁷, which is 1.5% of total EU imports of shrimp of 597,000 tonnes. This is equivalent to approximately 6% of Indonesia's total shrimp exports. There is no up-to-date data on the quantity of shrimp produced in or exported from Kalimantan.



EXPORTED FROM INDONESIA TO THE EU

8,803 tonnes Estimated Indonesia exports to EU.

PEATLANDS



ECOSYSTEM DESCRIPTION:

The peat swamps on the island of Kalimantan have similar characteristics to those of Sumatra, and the peat soil is mainly organic matter that has developed from sediments behind mangroves, deposited as a result of river drainage to the coast.232



AREA:

Peatlands cover 4.8 million ha of Kalimantan²³³, much of which is naturally forested, but includes areas of very low canopy forest under 1.5m high.234

About 404,000 hectares (8%) of the total peatland area of Kalimantan is now converted to palm oil plantations, ²³⁵ with the area of industrial palm oil and pulp wood plantations more than doubling between 2010 and



Whilst the peatlands of Kalimantan have relatively low levels of biodiversity, they contain a high proportion of threatened species, such as orangutan and the clouded leopard.237



CARBON STORAGE:

Peatlands within Kalimantan store around 12.2 Gt



OTHER OUTSTANDING CHARACTERISTICS:

Kalimantan is also home to a growing population of over 16 million people²³⁹ who make their living predominantly through agriculture, forestry, fishing, mining and quarrying²⁴⁰. Approximately 3.4 million people were employed in the palm oil industry in Indonesia in 2011.241

Palm oil. Indonesia is the largest producer of palm oil in the world and is responsible for around 60% of the world's palm oil production,²⁴² with approximately 48% originating from Kalimantan.²⁴³ The EU imported an estimated 6.7 million tonnes of palm oil, palm kernel oil, palm kernel meal and palm oil derivatives from Indonesia in 2019²⁴⁴, which is 46% of the total EU imports of oil palm products of 14.7 million tonnes. The most up to date information on EU imports from Kalimantan (2015) suggest that 329,000 tonnes were imported in 2015245, implying that approximately 2% of the EU's imports could originate there (1% of Kalimantan's palm oil exports).



AND PALM KERNEL MEAL IMPORTED FROM KALIMANTAN

2% Estimated EU imports from Kalimantan.



The vegetation is characterised by swamp forest with variation in species and height; in some areas vegetation is open, with most species small in structure or shrub-like and under 7m high.²⁴⁸

AREA:

The area of peatlands in Sarawak is approximately 1.7 million hectares, amounting to almost 70% of Malaysia's total peatland areas^{249,250}. Sabah contains approximately 117, 000 hectares of peatlands^{251.}

⇄ CONVERSION

Approximately one-third (almost 800,000 ha) of Malaysia's peatlands are under oil palm plantations. The bulk of Malaysia's oil palm plantations on peatlands are located in Sarawak where rates of conversion are the highest. Almost no undisturbed peatland remains in Sabah²⁵² and around 41% of Sarawak's peatlands have been converted to oil palm plantations²⁵³.

BIODIVERSITY:

The peatlands of Sabah and Sarawak contain a significant proportion of rare and endangered species including the Proboscis monkey, flying foxes and orangutans²⁵⁴. In Peninsular Malaysia, 10% of all fish species are found only in peat swamps, and the proportion may be even higher in Borneo²⁵⁵.

CARBON STORAGE:

Malaysia's peatland contains 10% of global carbon stored in peatland;²⁵⁶ approximately 9.1 Gt.²⁵⁷ Around 60% of the total soil carbon stored in Malaysian forests is stored in peat.²⁵⁸

OTHER OUTSTANDING CHARACTERISTICS:

Peatlands have generally supported a low level of human activity due to the high water levels in peat soils which make it difficult to cultivate. The production of products including pineapple, fish and honey is possible, but the markets for such products tend to be small and local²⁵⁹.

EU IMPORTS OF PALM OIL FROM SABAH AND SARAWAK

Malaysia is the second largest producer of oil palm products, responsible for around 24% of the world's production²⁶⁰. The EU imported an estimated 3.7 million tonnes of palm oil, palm kernel oil, palm kernel meal and palm oil derivatives from Malaysia in 2019,²⁶¹ which is 25% of total EU imports of palm oil products of 14.7 million tonnes. Whilst there is no data on EU imports of palm oil from Sabah and Sarawak, the states account for approximately 26% and 27% of Malaysia's palm oil area. respectively²⁶², which suggests that approximately 13% of the EU's imports could potentially originate there.



13%

OF OIL PLAM PRODUCTS IMPORTED FROM SABAH AND SARAWAK

1,947,772 tonnes
Estimated EU imports
from Sabah and Sarawak





ECOSYSTEM DESCRIPTION:

Characterised by a range of vegetation types, including swamp forest, palm-dominated swamp and some savannah.²⁶³

AREA:

The Cuvette Centrale is a region of 36 million hectares of wetland area covering 10% of the central Congo Basin, falling partly within the Republic of Congo and the remainder in the Democratic Republic of Congo. It contains the world's largest peatland complex of 14.5 million hectares or 40% of the region.²⁶⁴

⇄ CONVER

The peatlands are threatened by a potential rise in deforestation for wood and palm oil production in the region. Most of the region is covered by proposed or current concessions for logging, mining and oil and gas development, including the expansion of the road network which could increase access to previously remote locations²⁶⁵.

BIODIVERSITY

The Congo Basin contains over 10,000 plant species, 3,000 of which are endemic.²⁶⁶ The biodiversity of the peatlands is poorly studied but 14 species are currently listed as globally threatened by the IUCN, as well as 10 species that are prioritised nationally and/or regionally.²⁶⁷

CARBON STORAGE:

The peatlands store 30.6 billion tonnes of carbon below ground, a quantity similar to the above-ground carbon stocks of the tropical forests of the entire Congo Basin, whilst the peat covers only 4% of the whole Congo Basin.²⁶⁸

OTHER OUTSTANDING CHARACTERISTICS:

People live throughout the Cuvette Centrale, mainly in villages or small towns along rivers and roads; there are few roads within the Cuvette Centrale, with the rivers acting as the main transport network²⁶⁹. Across the area, people rely in part on peat forest resources for their livelihoods²⁷⁰. There is currently a low level of human intervention in this area,²⁷¹ local people often leading a subsistence livelihood focused on fishing and small-scale farming of crops such as manioc and banana and limited numbers of livestock including goats and chickens.

EU IMPORTS OF TIMBER PRODUCTS FROM DRC

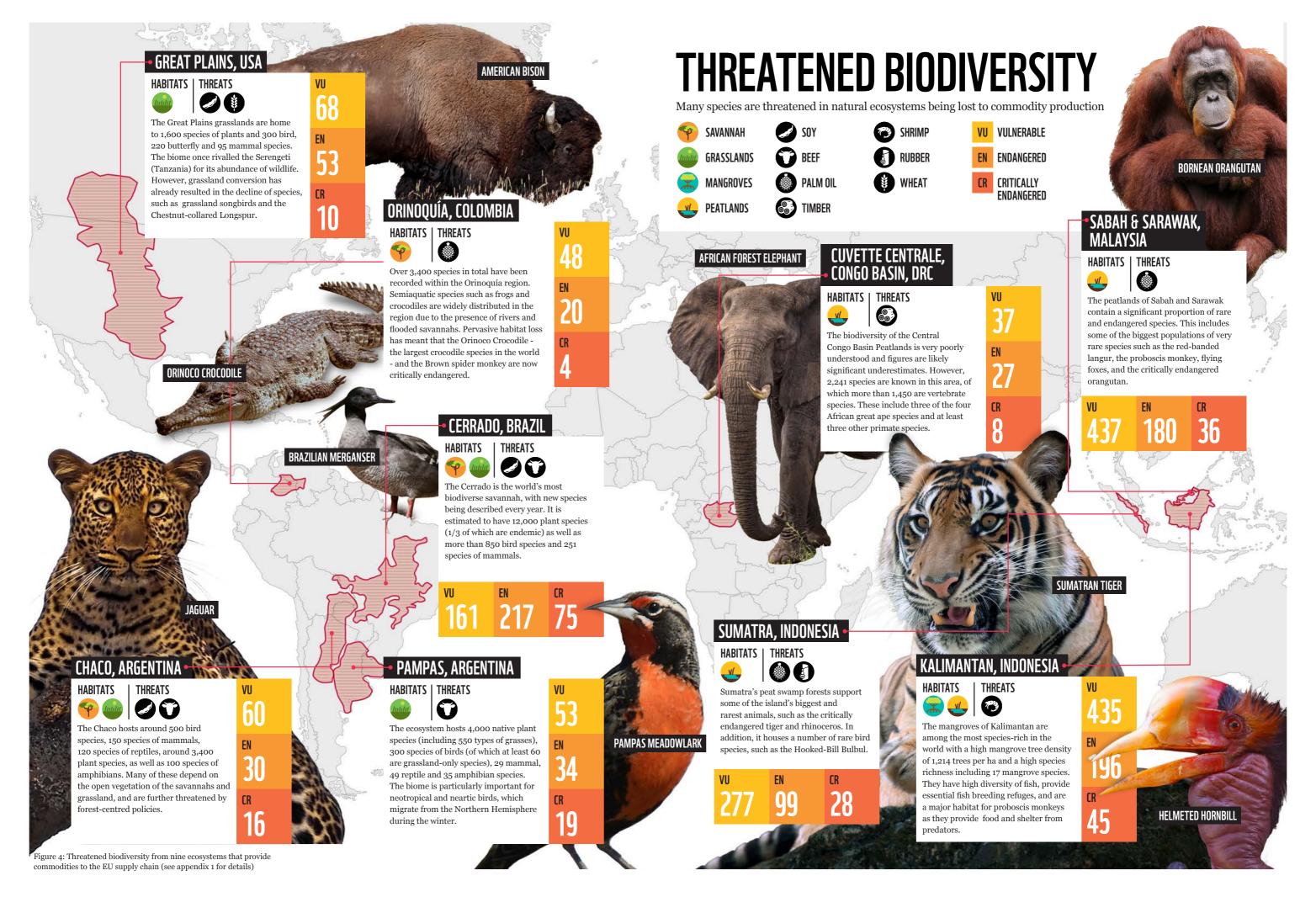
The Democratic Republic of Congo exports approximately 46,000 m³ WRME (Wood Raw Material Equivalent) of timber products each year to the EU, which is approximately 1% of the EU's imports. However, this represents nearly 20% of the DRC's exports of timber products, making the EU a significant driver of the timber industry in the country.

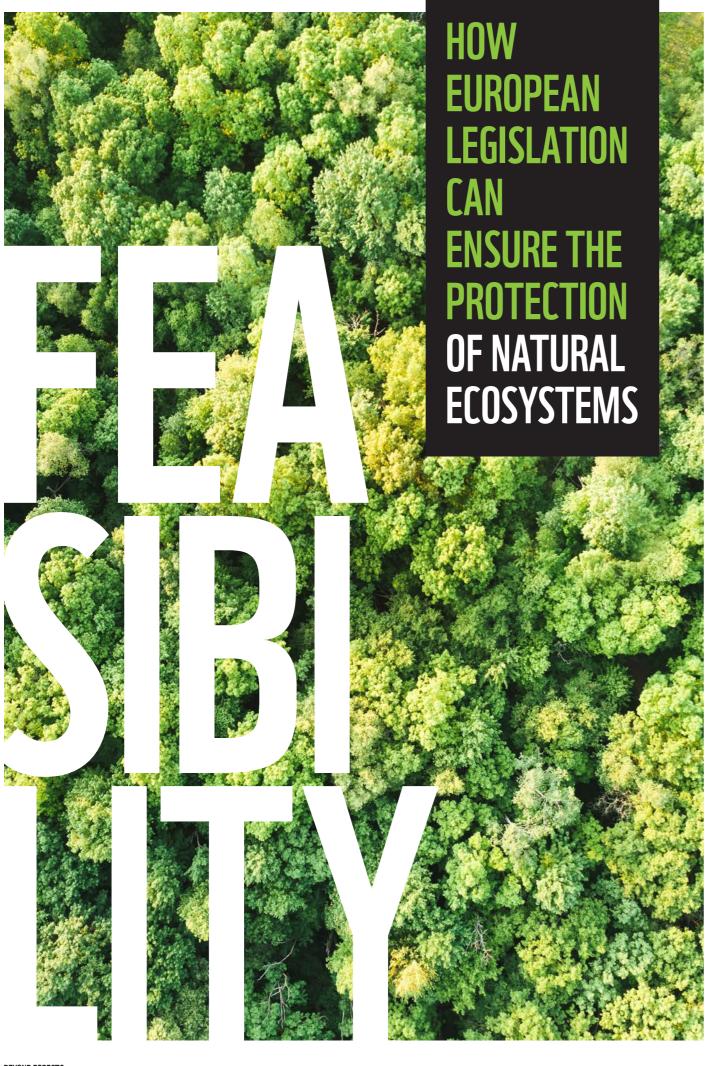


20%

OF TIMBER PRODUCTS EXPORTED FROM DRC(WRME. M³)

46,097 tonnesEstimated RDC exports **to** EU.





NATURAL ECOSYSTEMS BEYOND FORESTS CAN BE INCLUDED IN THE REGULATION

Natural ecosystems beyond and in addition to forests urgently need protection from the impacts of EU agricultural imports – and the EU needs to reduce its impacts on these ecosystems if it is to meet its climate and biodiversity commitments. But is it feasible for the EU to include protection for these ecosystems in the regulation, which as currently proposed, provides protection only for forests

A number of EU and member-state policies and regulations already make provision for protecting ecosystems beyond forests, and the regulation can build upon these.

The EU Renewable Energy Directive²⁷² includes a provision that biofuels and bioliquids can only qualify for incentives if the raw materials do not originate from "highly biodiverse grasslands, both temperate and tropical, including highly biodiverse savannahs, steppes, scrublands and prairies".

At a national level, the Dutch Bill on Responsible and Sustainable International Business Conduct, the German Due Diligence Act and the French Duty of Vigilance Law all include provisions for broad environmental risks and impacts, no matter the origin. The latter requires large companies to develop and publish a due diligence plan, which must outline measures the company is taking related to both human rights and environmental risks and adverse impacts.

The proposed regulation already requires companies to produce geo-localisation coordinates, the latitude and longitude of all plots of land where the relevant commodities and products were produced, as well as the date or time range of production (Article 9). Once this information is already held, only a few adjustments will be required to include other ecosystems in the due diligence process required by the regulation. This section demonstrates how companies can do this and therefore gives an indication of how the regulation could be formulated to require these steps.

COMPANIES CAN IMPLEMENT DUE DILIGENCE FOR NATURAL ECOSYSTEMS BEYOND FORESTS

Companies can be expected to carry out due diligence to prevent the conversion of other ecosystems, just as they are expected to do so to prevent deforestation, before bringing products to the EU market. There are a range of existing tools which will facilitate the process, and examples of companies already using them to do just that. There is plenty of evidence that companies will be able to implement such requirements without undue difficulty.

DUE ✓ DILIGENCE IS NORMAL CORPORATE PRACTICE

Companies routinely conduct due diligence processes of one form or another and implement a range of mandatory or voluntary due diligence processes across a wide range of complex issues. Due diligence is part of day-to-day corporate practice, under regulations such as the European Union Timber Regulation (EUTR), the EU Conflict Minerals Regulation, for food safety, to eliminate modern slavery, or to fulfil their own voluntary commitments (e.g. fight deforestation and reduce carbon emissions).

Some major companies that sell ecosystem-risk commodities within the EU are already taking and implementing, individually or pre-competitively, specific voluntary commitments to exclude the conversion of natural ecosystems beyond forests from their supply chains. These include members or users of the Retail Soy Group, the SOS Cerrado Manifesto, the Consumer Goods Forum Forest Positive Coalition, the Finance Sector Roadmap,²⁷³ among many others.

Even smaller companies without the capabilities to launch big projects themselves are capable of coming together to develop due diligence systems.

For example, the Book Chain Project, established by Carnstone in 2006, has managed to convene 28 book and journal publishers, 400 print suppliers, and 400 paper manufacturers to leverage their collective commercial influence to reduce deforestation risks associated with timber for paper production.²⁷⁴

However, despite many actors working to do so on a voluntary basis, these voluntary measures still lack a significant scale of impact and they do not exist for all conversion-risk commodities. EU regulation is urgently needed to ensure that all importers are conducting due diligence to remove natural ecosystem conversion from their supply chains. The fact that some companies have voluntarily sought to reduce or remove conversion of ecosystems beyond forests from their supply chain is further evidence that this would not be an insurmountable challenge for companies to do so in response to regulation.

GUIDANCE IS AVAILABLE FOR COMPANIES TO INCLUDE NATURAL ECOSYSTEMS BEYOND FORESTS WITHIN A DUE DILIGENCE PROCESS

The European Commission's proposed legislation requires companies to implement a due diligence process to ensure the traceability of their products. The proposal would require companies to carry out three key steps in their due diligence: (1) gather information, (2) identify and assess the risks of possible non-compliance, and (3) mitigate such risks to a negligible level. These steps will be recognised by those familiar with the essential components of any due diligence process, and some companies are already using such processes to implement voluntary commitments to exclude conversion of forests and other natural ecosystems from their supply chains.

For each of these steps, a range of tools, guidance, toolkits and other services are available to make it practical and feasible for them to include natural ecosystems beyond forests. A range of these are outlined, with links provided, in Figure 5. Importantly, companies are capable of influencing due diligence in all parts of their supply chains, as IKEA has done with IWAY. This system reaches past IKEA's first-tier (direct suppliers) by requiring that IKEA suppliers conduct due diligence on their own suppliers in accordance with IWAY.²⁷⁵

With regards to beef, soy, and leather produced in the Amazon and Cerrado in Brazil, and the Gran Chaco in Argentina and Paraguay, WWF has developed a 'Deforestation and Conversion Free (DCF) Implementation Toolkit' to help companies move from commitment to action in alignment with the Accountability Framework. The toolkit contains activities and materials to support companies to achieve DCF supply chains. More than 50 global companies are already actively engaged in WWF's DCF Toolkit process.²⁷⁶ Many other initiatives and roadmaps exist to support companies to avoid conversion associated with specific commodities.

A wide array of technology is also now available which can support the tracing of a product and evaluating the risk of it having been produced at the expense of ecosystem conversion – from macro, landscape-scale data available from precise and accessible satellite technology, to molecular level isotopic analysis. A note is made below of some of the tools relevant to each stage of the process. However, due diligence is fundamentally about companies understanding their supply chain and the risks associated in it, and this can be accomplished using fairly basic procedures. Advanced technologies can be useful in fine tuning some of these details but these are not always necessary.

Even if certain tools or technologies could be further developed, this should not be an impediment for companies to implement comprehensive due diligence systems. Fundamentally, due diligence entails understanding one's supply chain and the risks associated with it, and this can be accomplished using either manual procedures or by using advanced technologies.

WHAT THE PROPOSED REGULATION COVERS

The proposed regulation²⁷⁷ applies to 'operators', meaning any natural or legal person who, in the course of a commercial activity, places relevant commodities and products on the Union market or exports them from the Union market. In this report we have used the term 'companies' in place of operators.



It prohibits companies from bringing to the EU market, products which have (or might have) been produced on land that was deforested (or where forest has been degraded) since December 31, 2020. Products must also have been produced legally in the country of origin. It applies currently to cattle, cocoa, coffee, oil palm, soya and wood (the "relevant commodities") and some products that contain, have been fed with or have been made using relevant commodities (the "relevant products"). The terms commodity and product are used interchangeably in this report to refer to both categories.

It also specifies a set of steps through which companies must exercise due diligence to ensure that products are compliant, before they are imported to (or exported from) the EU. These must include:

• collecting information and documents

needed to fulfil the requirements;

 assessment of the risk that products intended for the EU might be noncompliant with the requirements of the

- regulation, based on a set of ten-plus indicators of the likely scale of risk; and
- risk mitigation requiring additional information, data or documents, undertaking independent surveys or audits or other measures until there is no or only 'negligible risk' that each specific product is linked to deforestation.

The information companies need to provide includes:

- geo-localisation coordinates the latitude and longitude of all plots of land where products were grown, and the date of production; and
- "adequate and verifiable information that the relevant commodities and products are deforestation-free"

Companies must demonstrate - through a 'due diligence statement' - that they have completed this process, can produce the necessary documentation and are annually reviewing this process, for each product they wish to place on the EU market.

The following is an illustration of – rather than a manual for – how some of the tools, guidance and support that is available can support companies to conduct due diligence on FERC in their supply chains. The process is visualised with links to a range of supporting tools and guidance for each step in the infographic below (Figure 5) and summarised in the following paragraphs. Many of these tools were designed to support companies with voluntary commitments and to some extent the language used here reflects that. Where relevant, the equivalent step under the proposed regulation is noted, using the phrases from the regulation or the explanatory memorandum to the regulation.

TAKING STOCK @

The first step is for companies to take stock: to understand how the regulation applies to their business; to evaluate their current systems of supply chain knowledge and engagement; and to identify where there are gaps. A number of tools are available which can help companies to do this in relation to ecosystems beyond forests and links to these can be found in Figure 5.

For example, the Accountability Framework Initiative's (AFi) Self Assessment Tool supports companies to create an action plan for how to set up an effective due diligence system for sustainable supply chains, and supports companies to develop 'no-conversion' as well as 'no-deforestation' supply chains, making provision for the inclusion of natural ecosystems beyond forests.

MAPPING **• THE SUPPLY CHAIN "GATHER INFORMATION" IN THE REGULATION

In order to understand the level of deforestation and conversion risk associated with a product, companies need to understand where their products come from and whether there are any existing risk mitigation processes in place. For many companies this has been prompted by the introduction of legislation, such as the EUTR. The proposed regulation would require full traceability – companies will be required to collect the geographic coordinates of the land where the commodities they place on the market are produced.

Once companies have established in detail where their products originate, they are well placed to deliver due diligence, regardless of the criteria that has been set. Changing requirements from 'avoid deforestation' to 'avoid deforestation and conversion' does not change the basic business requirement to know, and be able to prove, where the crops have been grown.

Third-party systems and supply chain mapping tools are available to support companies to do this. The Supply Chain Mapping Tool was developed in response to the introduction of the requirements placed on companies by the EUTR and provides a supply chain mapping template which companies can send out to traders to collect information; this can be readily adapted for supply chain mapping of other commodities. IT Solutions for due diligence from the European Commission gives a list of pay-to access tools to conduct due diligence. It is targeted at due diligence on raw materials and minerals associated with conflict zones but contains many tools which can be used to investigate and manage global supply chains for other commodities. TRASE provides a degree of supply chain transparency for some commodities in certain (largely South American) geographies. Figure 5 provides links to these and other tools for gathering information on the supply chain.

Technological approaches, such as isotopic analysis and metabolomics²⁷⁸ which enable genetic analysis of materials, can be employed to verify material provenance to a level of certainty that is accepted by courts of law. These are commonly used in certain supply chains (e.g., fresh meat) and could be used for any conversion-risk commodity.

More generally, there are many service providers that support companies to collect, collate and analyse information through the multiple levels of their commodity supply chains.

CONDUCTING RISK ASSESSMENT "IDENTIFY AND ASSESS THE RISKS OF POSSIBLE NON-COMPLIANCE"

Companies need to conduct risk assessments to identify risks of non-compliance with regulatory (or voluntary) requirements before a product is placed on the market, and also to rate the significance and

severity of these risks. Figure 5 notes a range of tools and resources that companies can use to support them to assess the risk of conversion of natural ecosystems beyond forests. Many companies are using services based on satellite imagery to assess the occurrence and/or risk of deforestation and conversion in the locations identified by their supply mapping.

Reliable, detailed, and satellite-based technologies and tools, such as MapBiomas and Global Forest Watch Pro, are available – and are being used by a range of companies – to provide near real-time information that allow identification of whether and where conversion has occurred within a supply base²⁷⁹. These are, in principle and often in practice, able to work on conversion of any and all ecosystems including but not limited to forests.

MITIGATING AND TREMEDIATING RISKS - "MITIGATE SUCH RISKS TO A NEGLIGIBLE LEVEL"

When companies have identified risks in their commodity supply chains - this could be the prevalence of ecosystem conversion in the country, region and area of production of the relevant commodity, but could also be a lack of information about product origin - they need to assess the significance of the issue and determine appropriate responses. These responses may include collecting additional evidence, engaging with the supplier to prevent further conversion, refraining from putting the product on the EU market, and in some cases, terminating the contract with the supplier. Figure 5 notes a range of tools and guidance materials which are available to help companies do this with regard to the impacts of their suppliers on natural ecosystems beyond forests.

REPORTING • - "PUBLICLY REPORT AS WIDELY AS POSSIBLE"

The proposed regulation requires companies, on an annual basis, to report publicly and as widely as possible on their due diligence systems. This is no surprise as public reporting is now common good practice for many if not all companies. Internal and business-to-business reporting is also an essential part of functional due diligence systems. Guidance and tools are available to support companies in reporting on progress towards compliance and outcomes or impacts of company operations and supply chains on conversion and ecosystem protection as well as deforestation and human rights.

Figure 5 gives a number of resources which can support companies in publicly reporting on their due diligence operations within their supply chains.

REGULAR REVIEW OF DUE DILIGENCE SYSTEMS "REVIEW AT LEAST ♣ ONCE A YEAR"

The proposed regulation will require effective due diligence to have been carried out before relevant products can be placed on the EU market - companies cannot use an approach of 'continuous improvement' towards reducing the risks associated with their products. However, the proposed regulation does require that companies' due diligence system shall be reviewed at least once a year, and if necessary adapted to and account for new developments affecting the exercise of due diligence. Companies may also want to use the process of review alongside their own ambition for continuous improvement and voluntary commitments they may have made. Existing guidance is also available to support them do this.

Where it is deemed that certain risks are due to systemic challenges within the sector, companies can engage in collaborative initiatives to mitigate these risks. Figure 5 gives links to some of the tools available to support companies to do this with regard to natural ecosystems beyond forests.

DUE DILIGENCE

Due diligence is a process that many companies are already using to address their impacts on natural ecosystems, and tools exist to make this feasible every step of the way.

IT Solutions for due diligence

A list of (paid) tools to conduct due diligence - targeted at the due diligence on conflict minerals but with many relevant tools for environmental due diligence more broadly

Supply chain mapping tool

This document is specific to timber, but can be used as a rough template for supply chain mapping of other commodities.

SUPPLY

CHAIN

GeoRSPO An interactive GIS tool showcasing environmental data for RSPO concessions and RSPO-certified mills.

Sourcing Hub

Contains a wide range of regional risk profiles for timber, beef, soy, and palm oil.

Trase Supply Chains

This tool allows you to assess the risk that a given commodity sourced from a specific supplier in a given country is driving ecosystem conversion.

Operational Guidance on Monitoring and Verification

Provides detailed guidelines for approaches to effective monitoring and credible verification.

How to write a strong ethical supply chain policy

A guide on the use of language to create ambitious and realistic commitments within a ethical supply chain policy.

TAKE STOCK

\square Deforestation and conversion free supply chains

Principles that companies should use to create a deforestation and conversion free supply chain.

The business case for responsible sourcing

A report outlining the benefits of responsible sourcing from efficiency to cost.

Self-Assessment Tool

A tool to assess where your company is currently positioned in its sustainable supply chain journey and to create an action plan for how to improve.

Deforestation and conversion free implementation toolkit

Provides a roadmap covering the process of achieving conversion free supply chains, including useful supply chain mapping tools.

OECD Due Diligence Guidance for Responsible Business Conduct

Page 64 contains a list of relevant sources for conducting initial desk-based research for risk assessments

ASSESS THE

Due Diligence Guidelines

Pages 25-26 contain recommendations on how to specify risk.

Operational Guidance on Supply Chain Management

Pages 11-14 contain guidance on how to effectively and comprehensively assess onmental and human rights risks.

Operational Guidance on Monitoring & Verification

Provides detailed guidelines for approaches to effective monitoring and credible verification.

Operational Guidance on

Remediation & Access

to Remedy

Provides guidance on how to establish grievance mechanisms and in which situations to offer remediation

be replicated one-to-one, it provides an adequate overview of the types of questions and procedures that should be undertaken as par of an audit

Template

Supplier Audit Report

Template for conducting

environmental audits at

supplier site. While this

template is specific to the

EUTR and thus should not

MITIGATE AND REMEDIATE RISKS

Helping achieve the Sustainable

Development Goals

A guideline on how due diligence

within agricultural supply chains

can help a company demonstrate

progress towards the SDGs.

Provides global land cover types at yearly intervals and other data.

Exploring the reality of the **Jurisdictional Approach**

Detailed overview of past and existing jurisdictional approaches with perspectives from a range of stakeholders as well as an analysis of the commercial viability of jurisdictional approaches.

Operational Guidance on

Provides guidance on effective reporting, guidance on reporting on different aspect of a company's operations, as well as guidance on effective and credible disclosure.

Reporting, Disclosure, and Claims

NDPE Implementation Reporting Framework

A reporting tool to help track and report progress on NDPE commitments within a company's palm oil supply chain.

Certification and roundtables

PUBLICLY

GRI 102: General Disclosures

A guidance forming part of the

GRI Sustainability Reporting

Standards containing requirements,

recommendations, and guidance

on how to report in accordance

with the standards set by the Global

Sustainability Standards Board (GSSB).

Contains guidance on which types of certification schemes fulfil the criteria of the AFI as well as assessments of a range of the most established certification and roundtable schemes.

NASA Worldview: MODIS Land Cover type

Consumer goods forum commodity roadmaps

Provide roadmaps for eliminating conversion for specific commodities, including guidance on transparency and reporting.

Due Diligence Procedure template

A template on how to structure a document outlining a company's due diligence procedure. Specific to the EUTR and thus, should be adapted to a given company's situation.

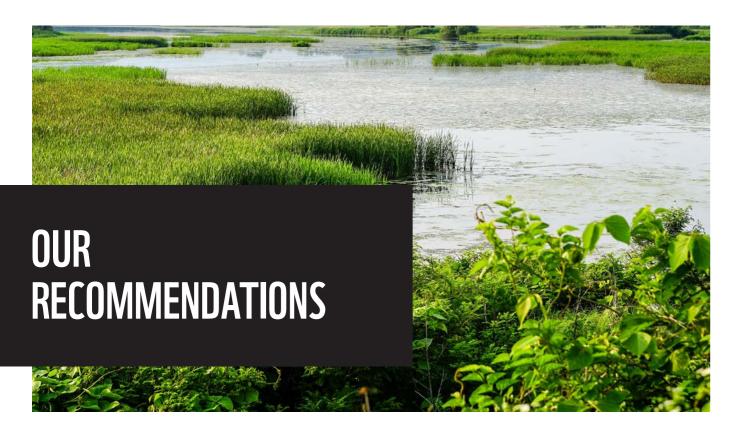
DILIGENCE

Operational Guidance on Achieving Commitments through Collaboration

Provides guidance on how companies may engage with other stakeholder to achieve commitments and mobilise for systemic change.

41

Figure 5: Key steps in the due diligence process, with tools, guidance and support available for companies to include natural ecosystems beyond forests within the process (see Appendix 1 for details).



The findings of our report show that ambitious EU legislation is both necessary and feasible. We call on the EU Member States and the European Parliament to adopt a law that retains the useful provisions foreseen by the Commission and fills the gaps identified so far. WWF identifies three main principles for a legislation that is ambitious and effective in reducing deforestation and other negative environmental and human rights impacts of the EU's consumption:

ENSURING THAT PRODUCTS PLACED ON THE EUROPEAN MARKET ARE LEGAL AND ALSO NOT LINKED TO DEFORESTATION, FOREST DEGRADATION, ECOSYSTEM CONVERSION OR DEGRADATION, NOR TO HUMAN RIGHTS VIOLATIONS.

= ELEMENTS TO KEEP

The proposed legislation calls for products placed on the EU market to be legal by the producing country's standards and free from deforestation and forest degradation. Measures to work in partnership with producing countries in addressing the underlying drivers of nature destruction are proposed and combined with engagement at international level.

➣ ELEMENTS TO IMPROVE

As laid out in the report, addressing climate change and biodiversity loss requires a holistic approach: other ecosystems besides forests, such as savannahs, grasslands, wetlands, peatlands and mangroves should be included without delay. A focus on forests omits the ongoing pressure for conversion e.g. of savannahs, which could increase even more, if only forests are protected.

The current product scope should be enlarged to include relevant commodities and derived products based on scientific and objective criteria, including rubber and maize, as well as poultry and dairy as part of livestock. A clear reference to international human rights standards respecting particularly the rights of Indigenous Peoples and local communities, including requirements to respect customary tenure rights and the right to Free. Prior and Informed Consent.

PROVIDING A DUE DILIGENCE SYSTEM WITH CLEAR REQUIREMENTS FOR COMPANIES, ENSURING THEIR SUPPLY CHAINS ARE TRACEABLE BY AND TRANSPARENT.

ELEMENTS TO KEEP

Due diligence has to be carried out before a product is placed on the market and clear traceability requirements to the place where a commodity or product was harvested/produced are introduced. Certification and third party systems are identified as supporting tools but cannot replace the responsibility of an operator to carry out due diligence.

→ ELEMENTS TO IMPROVE

Country benchmarking should supplement due diligence and enforcement efforts, but should not modify due diligence obligations. A major potential gap in the regulation is the "de facto exemption" of companies sourcing from "low risk" countries

from risk assessment and risk mitigation measures. Not only will it disadvantage companies that are putting measures in place to source from highrisk regions, it might also shift product sourcing towards low-risk countries. The same due diligence framework should be used by all companies to ensure a level playing field, without any loopholes for rogue companies.

The low risk category in the country benchmarking should be deleted, determining all countries to be "standard risk", which could become a "high" risk if the application of criteria laid out in Article 27 leads to the conclusion that a higher risk exists. Risk assessment criteria and procedures for the country benchmarking should be clear, objective and based on science.

SUPPORTING A STRONG, HARMONIZED AND ROBUST ENFORCEMENT OF THE LEGISLATION , PROVIDING NATIONAL AUTHORITIES WITH THE NECESSARY MEASURES AND TOOLS TO IMPLEMENT THE LAW.

ELEMENTS TO KEEP

Clear enforcement measures and penalties are put forward, providing stringent standards for application of the legislation. This has been combined with a good basis for harmonization across the enforcement chain within and between EU Member States. The introduction of an EU-wide database to register operators and traders together with due diligence statements will lead to more transparency and therefore improve enforcement of the new law. Substantiated concerns by third parties are properly taken into account, supporting the Competent Authorities in their work.

7 ELEMENTS TO IMPROVE

Interim and corrective action such as confiscation should not replace penalties for companies, in order to dissuade non-compliance with the regulation. Reporting requirements are not stringent enough, excluding SMEs and introducing the possibility to also fulfil reporting under other legislation. As reporting on due diligence systems is an important tool to analyse the compliance with the regulation, all companies should have the same reporting requirements under the new legislation. Civil liability and access to justice for serious non-compliance should be introduced to offer the possibility to seek redress in case of harm caused.



CORPORATE FEASIBILITY

The following guidelines have been central in assembling and contextualising the process and tools demonstrated in Figure 5:

- Accountability Framework Initiative Operational Guidance documents
- Accountability Framework Initiative Definitions
- Preferred by Nature Due Diligence Guidelines (for EUTR)
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Pilot project on agricultural supply chains
- The WWF Deforestation and Conversion Free (DCF) Implementation Toolkit
- Sedex (2020) A guide to risk assessment in supply chains

The foundation for this research to demonstrate corporate feasibility is the guidance provided by the Accountability Framework Initiative (AFi), and several AFi resources were cited in order to show that these resources are actionable and can be integrated into corporate due diligence processes. The process included:

- 1. Examining the main guidelines
- 2. Identifying and assessing the usefulness of relevant tools
- 3. Consulting due diligence experts
- 4. Ensuring alignment with AFI and WWF requirements
- 5. Developing the due diligence process with tools (Figure 5).

CONVERSION FIGURES

The figures used in the infographic "Conversion of 5 natural ecosystems" have been obtained from various sources. See table 1 for details.

To produce these figures for the infographic, four case studies were chosen, largely dependent on availability of data. Due to the historical paucity of data and lack of monitoring of non-forest ecosystems around the world, it was not possible

to obtain data with consistent time frames, and this has been indicated in the infographic. For example, while a 9.3% loss of grasslands in the Cerrado does not seem as dramatic as the 53.2% loss seen in Kalimantan, as the former happened over a 10-year period, whereas the latter happened over a 24-year period, they are both concerning figures.

TABLE 1

REGION		CERRADO	GREAT PLAINS	SUMATRA	SOUTH AND Southeast asia	TOTAL
COUNTRY		Brazil	USA & Canada	Indonesia	N/A	
ECOSYSTEM		Savannah, grass- land, and forest	Grassland	Peatland	Mangrove	
BEFORE	YEAR	1985	2009	1990	1990	
	AREA (HA)	128,862,102	169,563,284	481,000	6,117,000	
AFTER	YEAR	2017	2019	2014	2020	
	AREA (HA)	102,778,905	153,870,789	225,000	5,330,000	
LOSS (HA)		26,083,197	15,692,495	256,000	787,000	42,818,692
LOSS (%)		20.2%	9.3%	53.2%	12.9%	
MAIN DRIVERS		Soy and beef	Corn (25%), soy (22%) and wheat (21%)	Palm oil	Shrimp	
NOTES		Includes forest, savannah, and grassland vegetation.	Includes only intact grasslands	Only undisturbed peat forest	Data: data for South and Southeast Asia was used, as no publicly available time series data was found for Kalimantan. • Main driver: for Southeast Asia only	
SOURCE		Data: Souza at. al. (2020) - Reconstructing Three Decades of Land Use and Land Cover Changes in Brazilian Biomes with Landsat Archive and Earth Engine - Remote Sensing, Volume 12, Issue 17, 10.3390/rs12172735. "Main drivers": TNC (2019) https://www.nature.org/content/dam/tnc/nature/en/documents/ TNC_IncentivesforSustainableSoy-inCerrado_Nov2019.pdf	After and "Main drivers": WWF (2021) thtps://liles.worldwildlife.org/ wwfcmsprod/files/Publication/ files/grotigosig_ FloopprintRe- port_2021_Final_HiRes_b. wwpdffc596451-959007292 16356647221 1073773772.1626769338 - Before: WWF (2016) https://cao2277.ssl.eft.rackedn. com/publications/947/files/ original/plowprint_AnnualRe- port_2016_Final_REV09192016. pdf	Data: World Bank (2018) https://documentst.worldbank.org/ curated/en/28093156402387440/ pdf/Pilot-ecosystem-account-for-In- donesian-peatlands-Suma- tra-and-Kailmantan-islands.pdf • Main driver: Lee et al (2013), https://www.cifor.org/publica- tions/pdf_files/articles/AObidz- inski1301.pdf	Data: FAO (2020) https://www.fao.org/3/ca9825en/ ca9825en.pdf * Main driver: Richards and Friess (2016) https://www.pnas.org/con- tent/113/2/344	

IMPORT AND EXPORT > DATA

The trade links between each biome and the EU were assessed by calculating the proportion of EU imports derived from that area and the proportion of the area's production that is exported to the EU. The first is an indicator of how important the area is to the EU. The second is an indicator of how important trade with the EU is to the area, and has been provided in those cases where this gives a different perspective on the relationship than the first indicator alone. All data is from 2019, the latest date for which the most comprehensive data is available.

Where data is available on exports from a specific biome to the EU, this data is used to determine exports. The biomes and commodities for which this data is available are the Cerrado (Brazil), Chaco and Pampa (Argentina) for soy, and the Cerrado and Chaco for beef.²⁸⁰

Where data is available for the sub-national jurisdiction, but not the specific biome within that jurisdiction, the jurisdiction is used to approximate exports to the EU. This approach was used for palm oil (Sumatra & Kalimantan, Indonesia; Sabah & Sarawak, Malaysia).²⁸¹

Where biome or jurisdictional exports to the EU are not available, national export and import data is used²⁸². Where available, this is modified by existing estimates in the literature of the proportion of national production from a biome. This data was available for soy from the Great Plains. In all other cases, only a national-level estimate could be used. Total EU imports of each commodity from all countries outside the EU were enumerated to allow proportions of imports and exports to the EU to be estimated.

For all commodities, only direct imports of the commodities were assessed, excluding their imports as ingredients or components of traded products (e.g., palm oil used as an ingredient in manufactured foods), or their embedded use in the production process used to create the traded product (e.g., soy used as feed for imported chicken).

EUROPEAN CONSUMPTION ₩ OF CONVERSION RISK COMMODITIES

This section provides an analysis of the commodities that are the main drivers of conversion of the natural ecosystems beyond forests considered in this report. The commodities are described and the main uses and sectors that drive demand for them in the EU are identified. Projected future trends in EU demand are also evaluated, to consider the likely future threat posed by EU imports to natural ecosystems beyond forests.

DATA USED IN THE "THREATENED BIODIVERSITY" \(\square\) INFOGRAPHIC

Endangered species figures were obtained using the 'Advanced' search function of the IUCN Red List database, and polygons were then drawn to define a given region on the maps, using one or more maps of the region from a Google search. Once the polygon was defined, IUCN Red List data was downloaded, and the statistics were obtained from the resulting webpage, including total species number, Red List species categories, and numbers of endemic species. While the method of drawing polygons is not accurate, it was deemed to be a sufficiently robust method for defining the species associated with a given biome, naturally recognising that borders are not impermeable. This method was repeated for the nine biomes in question, with the following variations:

- 1. Cerrado: Given the complexity of the Cerrado state, combined with the availability of subnational information, the polygon obtained was only for the MATOPIBA region; the states of Maranhão, Tocantins, Piauí, and Bahia. This region encompasses some of the last remaining undeveloped stretches in the Cerrado region and is regarded as the newest frontier for soy development in the region.²⁸³
- 2. Kalimantan: Due to the relatively small size of Kalimantan and the difficulty of accurately drawing polygons to capture mangrove areas, a polygon was drawn around the whole of Kalimantan.
- 3. Sabah & Sarawak: the polygon was drawn around peatland areas in Sarawak. Sabah was not included as the area was small and the IUCN website only allowed plotting of one polygon at a time

CARBON STOCK DATA IN "ECOSYSTEM SERVICES" INFOGRAPHIC

The carbon stock data represented in the "Ecosystem Services" infographic represents global average figures; however, it should be noted that carbon stocks of a given ecosystem have significant regional variations, and the average is thus not always a good representation of carbon stocks within a given biome. As a reputable source, most data (except for mangroves) was obtained from a CBD Technical Series report from 2016. ²⁸⁴ However, secondary and tertiary sources were also obtained and reviewed, and all issues identified are reported in the notes section of Table 2. Note that the carbon values will often only relate to the top 1 m layer of soil

All attempts were made to obtain figures with the greatest level of comparability across the different ecosystems. However, this was not always possible, and as no attempt was made at manipulating the figures using different sources, the figures across the ecosystems are not directly comparable.

Importantly, while the infographic stipulates that figures represent above/below ground values, the data obtained in most cases represent plant/soil values (except for mangroves – see notes in Table I). However, the carbon stored in below ground biomass is often relatively negligible compared to above-ground biomass and below ground soil carbon.

Moreover, it should be noted that there is some risk of double-counting in the "Ecosystems Services" infographic between the carbon figure for peatlands and the comparator provided for tropical forests, given that tropical peatlands are often forested. Unfortunately, seeing as peatland around the world are still being discovered, and as the delineation of peatlands and tropical forests would depend on national surveys, it is not possible to state what the extent of such overlap might be.

Given the limitations of the data used for the "Ecosystem Services" infographic, the diagrams in the infographic have been produced mainly for illustrative purposes to demonstrate the significance of below-ground carbon, and thus, should not be taken as a fully accurate representation on carbon distribution in ecosystems.

TABLE 2

INDEEL									
ECOSYSTEM	PEATLANDS	GRASSLANDS & SAVANNAHS	MANGROVES	TROPICAL Rainforest					
AREA (HA)	423,000,000	5,250,000,000	14,717,000	940,000,000					
AVERAGE ORGANIC CARBON STOCK (T C/HA)	1,450	150	856	320					
TOTAL ORGANIC CARBON STOCK (GT C)	613	788	13	301					
PLANT CARBON DENSITY AS A SHARE OF PLANT AND SOIL CARBON (%)	2%	20%	15%	68%					
SOIL CARBON DENSITY AS A SHARE OF PLANT AND SOIL CARBON (%)	98%	80%	85%	32%					
SOURCES	Area: Xu et al (2018) Carbon and plant/soil values: Parish et al (2008), cited in Epple (2016)	Area: CBD (2016) Carbon: Epple (2016) Plant/soil values: WBGU (1988), cited in IPCC (2018)\	Area: FAO (2020) Carbon and above/below ground values: Kauffman et al (2020)	Area: Joosten (2015), cited in Epple (2016) Carbon and plant/soil values: Adams (n.d), cited in Parish et al (2008), cited in Epple (2016) Plant/soil carbon values: Adams (n.d), cited in Parish et al (2008)					
NOTES On Methodology	Area: Xu et al (2018) derive this figure using a range of literature from the period 1990-2019. Carbon: estimate by Parish et al (2008) based on Softman (1994) et al. (1994). Handle of the Carbon (1994) et al. (1995). Lappalainen (1995). Sheng et al. (2004): global average of vegetation earbon is from solely moss-covered peatlands to tropical rain forest swamps with high trees, in accordance with Gorham (1991); soil estimate is based on Turunen et al (1999) and Moore and Turunen (2004)	• Area: This figure uses IGBP land cover classifications based on global satellite data at 1-km resolution; the figure includes savannah, shrubiland, non-woody grassland, and tundra; the control of	• Area: based on data collected from 225 countries and territories. • Carbon and above/below ground values. Mean depth was 246 cm, and the was 246 cm, and the was 246 cm, and the state of the control of the	Carbon and plant/soil values: pre-anthropogenic carbon density values					

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- Dozens of service providers provide and are developing satellite-based supply chain conversion monitoring services (e.g., Global Forest Watch Pro and ForestMind alongside company's proprietary satellite based systems) and reliable land-use cover maps exist for several major conversion frontiers (e.g., Mapbiomas)
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