



**MARKET
TRANSFORMATION
RESULTS**

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MAKING BETTER PRODUCTION EVERYBODY'S BUSINESS

RESULTS OF 5 YEARS OF WWF MARKET TRANSFORMATION WORK

ACKNOWLEDGEMENTS

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WWF is one of the world’s largest and most experienced independent conservation organizations, with over 5 million supporters and a global network active in more than 100 countries.

WWF’s mission is to stop the degradation of the planet’s natural environment and to build a future in which humans live in harmony with nature, by conserving the world’s biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

CONTENTS

FOREWORD	4
OUR APPROACH Why commodity markets matter to WWF	6
SOFT COMMODITIES: HARD REALITIES Agriculture, forestry and fishing have a huge impact on people and nature	10
PRODUCING BETTER RESULTS Credible certification schemes aim to move markets toward sustainability	12
RAISING STANDARDS We’ve helped put credible standards into practice	14
BIG GAINS FOR SMALL PRODUCERS We’ve helped small-scale producers worldwide benefit from sustainability schemes	18
MOVING MARKETS A growing number of influential businesses are demanding better production practices	22
INFLUENCING INVESTMENT We’re actively engaging with the finance sector to invest in more sustainable commodity production	28
DRIVING CHANGE When businesses, governments and consumers take on our agenda, the potential impact is huge	30
TRANSPARENCY By making information publicly available, we’re helping key players to measure their progress and pushing them to raise their game	34
PUBLIC POLICY Our work has gone beyond voluntary standards to influence government policies and regulations	36
BUILDING CAPACITY We’re supporting market transformation work across the WWF network and a wide range of external organizations	38
LOOKING FORWARD: THE NEW NORMAL Market transformation has gained momentum over the last five years: the next few years will be equally crucial	40

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FOREWORD

Transforming markets is crucial for the future of the planet



“Better production will be vital if 9 billion people are to share this planet and its resources, equitably and sustainably, in the coming decades”

The way we grow food and harvest natural resources like fish and timber has shaped our civilizations over the millennia. Today it has a greater impact on Earth’s ecological balance, biodiversity and wild spaces than perhaps any other human activity. Directly or indirectly, it also touches the lives of every person on the planet.

In 2009, WWF launched its Market Transformation Initiative (MTI): an ambitious global agenda to change the way that these “soft” commodities are produced, traded and bought, with the aim of making sustainable production the norm. Five years on, there are positive signs of progress which are summarized in this publication. We have come a long way. But the road ahead remains challenging. And time is not on our side.

We’ve seen substantial growth of established certification schemes like the Forest Stewardship Council (FSC) and the Marine Stewardship Council (MSC), and the birth of several new ones, including the Roundtable on Sustainable Palm Oil (RSPO), the Aquaculture Stewardship Council (ASC), the Round Table on Responsible Soy (RTRS) and the Global Roundtable for Sustainable Beef (GRSB). Now, these schemes must raise their ambition to drive change at scale and demonstrate that this delivers positive impacts for people and nature. We need to support them – and hold them accountable.

We’ve seen some of the world’s biggest companies make bold commitments to sustainable sourcing in their supply chains. We must encourage those who have turned words into actions, and work to see many more follow in the footsteps of early movers – particularly in increasingly important emerging economies.

Most importantly, we’ve seen improvement on the ground – and in the oceans – as better practices are introduced across millions of hectares of farms, forests and fisheries. It is now urgent that we build on these foundations to ensure that today’s better practices become tomorrow’s business as usual. This means their use in companies’ sourcing strategies, in financial institutions’ lending criteria, in governments’ trade agreements and in national development plans.

Better production will be vital if 9 billion people are to share this planet and its resources, equitably and sustainably, in the coming decades. A more responsible market place will make a crucial contribution to reducing major pressures on the planet’s ecosystems.

Of course, we cannot achieve this alone. Any power we have in markets and supply chains comes from our ability to influence and work with others, whether small farmers or multinational corporations, finance institutions or consumers, governments or NGOs. All have a role to play.

Together we can make a difference. Join us.

Marco Lambertini

Director General, WWF International



Soy monoculture meets Cerrado woodland in Brazil: agriculture has a huge impact on Earth’s biodiversity and wild spaces

© ADRIANO GAMBARINI / WWF-BRAZIL

OUR APPROACH

Why commodity markets matter to WWF

Today, we use the natural resources of 1.5 planets, depleting ecological goods and services faster than nature can replenish them. This is having a huge impact on nature and people, and threatening our very future. As population and incomes grow, our demands are increasing. UN estimates suggest that we'll need to grow more food in the next 40 years than we have in the last 8,000 years combined – the entire history of agriculture. So how can we meet the needs of a growing population for food, fuel, fibres and other raw materials in a way that maintains the planet we all depend on – preserving fresh water, a stable climate, clean air and areas of wilderness for present and future generations?

OUR FOCUS

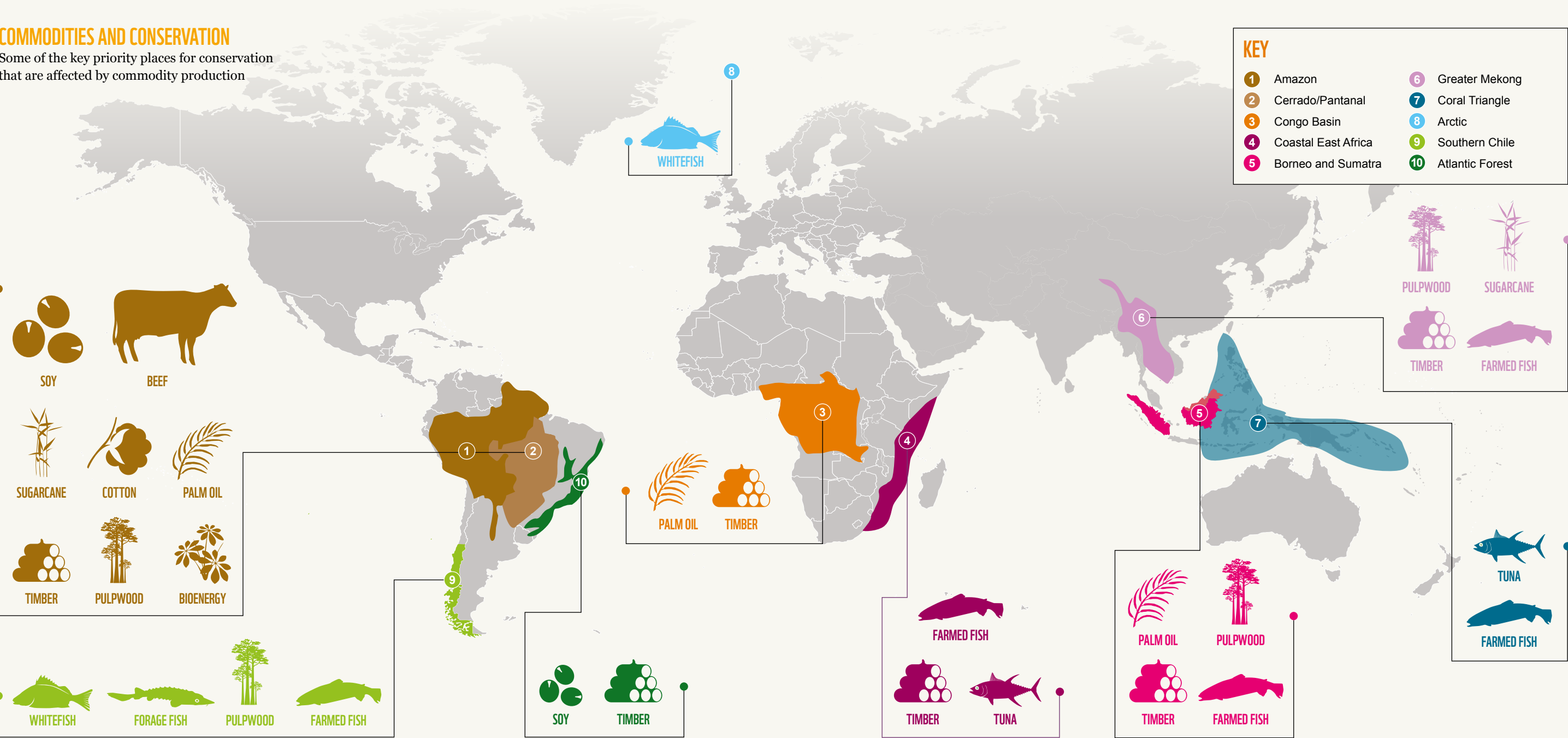
We concentrate on 15 commodities that have the greatest impacts on biodiversity, water and climate, particularly in the most important places for conservation. These commodities also affect the livelihoods and food supply of hundreds of millions of people, including many of the poorest on the planet. They need to be produced better – with environmental, social and economic benefits. And this needs to become the new “normal”.

15 COMMODITIES WITH THE BIGGEST IMPACT ON AREAS OF GLOBAL CONSERVATION PRIORITY

TIMBER	PULP AND PAPER	WHITEFISH
PALM OIL	SOY	TUNA
COTTON	SUGARCANE	WILD-CAUGHT SHRIMP
BIOENERGY CROPS	BEEF	WILD-CAUGHT FORAGE FISH
DAIRY	FARMED SHRIMP	FARMED SALMON

COMMODITIES AND CONSERVATION

Some of the key priority places for conservation that are affected by commodity production



THE HARD REALITY OF SOFT COMMODITY PRODUCTION

The islands of Borneo and Sumatra contain some of the most important habitats and iconic wildlife on the planet. But they are also at the heart of the global palm oil industry, and in recent years, vast areas of rainforest have been cleared to make way for oil palm plantations.

Commodities like palm oil, soy, beef and paper are the main drivers of deforestation globally. But it doesn't have to be this way.

Shown here is a Sumatran plantation belonging to Musam Mas, an Indonesian company that produces palm oil in Sumatra and Borneo. All its plantations, and those of the many smallholders that also supply its mills, are certified as sustainable by the RSPO. That means they haven't replaced natural forests and important areas of habitat are being protected. It also means better conditions for workers, stronger community relations and recognition of local people's land rights.



SOFT COMMODITIES:HARD REALITIES

Agriculture, forestry and fishing have a huge impact on people and nature, particularly in some of WWF’s priority regions for conservation

SOCIAL IMPACTS



1.3
BILLION

People who are economically active in the agriculture sector

≈80%

Proportion of food in developing countries produced by smallholders

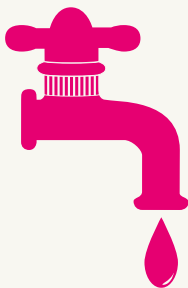
45
MILLION

People who fish for a living threatened by overfishing and climate change

30-
50%

Expected increase in food prices in real terms in coming decades

FRESHWATER



70-
85%

Global water use accounted for by agriculture

250
BILLION

Volume of water used in cotton production and processing each year in cubic metres – around 2.6% of global water use

15,000

Average litres of water used to produce a kilo of conventionally raised beef, mostly in growing feed

DEFORESTATION



80%

Percentage of deforestation worldwide driven by food and fibre production

4

Commodities (beef, palm, pulp/paper and soy) whose production is responsible for over half of deforestation (and associated emissions)

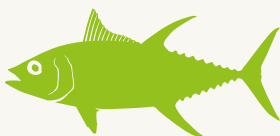
<US\$2-4.5
TRILLION

Estimated value of natural capital lost each year through deforestation and forest degradation

68%

Percentage of remaining forests in South Asia that will be lost to agricultural expansion by 2030, if current trends continue

MARINE ENVIRONMENTS



90%

Percentage of fish stocks exploited up to or beyond sustainable limits

19 MILLION→
87 MILLION

Increase of global seafood catch, in tonnes, from 1950 to 2005

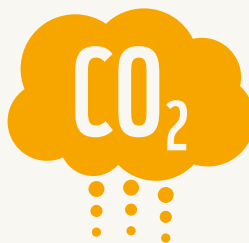
X7

Increase in volume of farmed fish produced between 1980 and 2000. Aquaculture will soon provide the majority of the fish people eat – but large volumes of wild-caught fish meal are needed to feed farmed fish

-50%

Reduced survival of wild salmon as a result of diseases transmitted from aquaculture

CLIMATE



20%

Approximate proportion of global GHG emissions from agriculture, forestry and other land uses

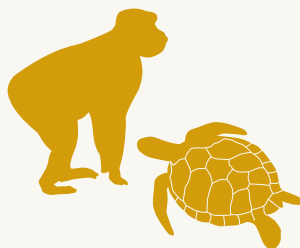
56%

Percentage of non-CO₂ GHG emissions, such as methane, from agriculture

400+

Years of using palm biodiesel in place of fossil fuels that it would take to pay back the emissions associated with its production, if grown on land converted from peatland rainforest

BIODIVERSITY



4,000+

Plant and animal species already threatened by agricultural expansion

70%

Orang-utans on the island of Borneo living outside protected areas. Palm oil and pulp production (for paper) threaten these critically endangered apes. Borneo and Sumatra are the only places in the world where orang-utans live in the wild

250,000

More than 200,000 loggerhead turtles and 50,000 leatherbacks are caught on longline hooks set for tuna, shark and swordfish each year, and tens of thousands die from their injuries

PRODUCING BETTER RESULTS

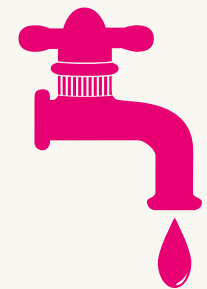
Credible certification schemes aim to move markets toward sustainability by improving the way key commodities are produced

SOCIAL IMPACTS



- Credible standards recognize the legal and customary rights of local people, have standards on workers’ conditions, and state that producers should have **a positive impact on the local community**. They also help improve governance, for example by including mechanisms for making complaints and resolving conflicts.
- Certification schemes promote better management practices (BMPs) which can improve yields and incomes for small producers. Farmers producing Better Cotton in Pakistan, for example, **boosted their incomes by 15 per cent on average by reducing water and chemical use**, while some small-scale soy producers in India who received technical assistance have increased yields by up to 50 per cent.
- The RSB standard guarantees biofuel producers have **no negative impact on food supplies**, and are required to improve local food security where necessary.

FRESHWATER



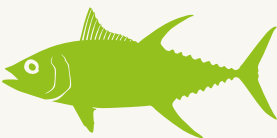
- The ASC standard ensures fish farms **minimize negative impacts on water quality and aquatic ecosystems**. It includes strict controls on waste and nutrient releases and fish escapes, prohibits all preventive antibiotic use, and minimizes impacts on habitats, predators and biodiversity.
- Better management practices significantly reduce the amount of water used in growing crops such as cotton and sugar – for example, cotton farmers in the Indus valley producing Better Cotton have **reduced their water use by more than a third**.
- In the Mesoamerican Reef Catchment area, BMPs across several agricultural sectors have resulted in **reductions in pesticide toxicity of 68 per cent**.

DEFORESTATION



- FSC certification ensures timber and paper products come from **responsibly managed forests**.
- RTRS certified soy and RSPO certified palm oil **must not replace primary forests or areas of high conservation value** including valuable savannahs and grasslands.
- When managed to FSC standards, fast-growing tree plantations can help **reduce pressure on natural forests** from timber, pulp and fibre demand.

MARINE ENVIRONMENTS



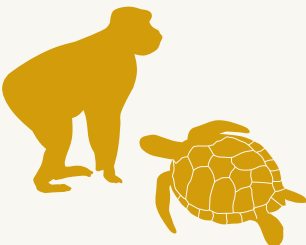
- MSC-certified fisheries are managed responsibly, ensuring **fish are caught at sustainable levels**, maintaining fish stocks into the future.
- Fish meal from wild-caught sources used as feed ingredients in ASC-certified farms will in future have to come from MSC-certified sources. ASC also includes **strict limits on how much wild-caught fish can be used** per kilo of fish raised.
- ASC-certified shrimp farms **cannot be sited in converted mangrove ecosystems**
- Better agricultural production on land reduces run-off of sediment and agrochemicals, which otherwise threatens sensitive marine environments like coral reefs. As part of Project Catalyst in the Great Barrier Reef catchment area, 78 sugarcane growers on 20,000 hectares helped improve the state of the reef by significantly **reducing concentrations of nitrogen, phosphorous, herbicide and other pollutants in more than 100 billion litres** of run-off water.

CLIMATE



- By avoiding conversion of forests and other natural ecosystems, **certified commodities have a lower climate impact**.
- RSB-certified biofuels must bring **verified carbon savings of 50 per cent or more** compared to fossil fuels.
- The draft principles and criteria of the Global Roundtable for Sustainable Beef include **minimizing GHG emissions, optimizing carbon sequestration, and minimizing and eventually eliminating net deforestation**.

BIODIVERSITY



- **Protecting and enhancing areas of high conservation value** is an important criterion in credible certification schemes.
- FSC-certified producers must develop **conservation plans for endangered species** within the forests they manage.
- MSC fisheries have plans in place for **reducing bycatch and impacts on other species** such as seabirds, turtles and cetaceans. As a condition of MSC certification, the South African hake trawl introduced bird-scaring lines which have **reduced seabird mortality by 90 per cent**, and albatross deaths from around 7,200 a year in 2004 to around 80 in 2010.

RAISING STANDARDS

We've helped put credible standards into practice



BRINGING NEW STANDARDS TO THE MARKET

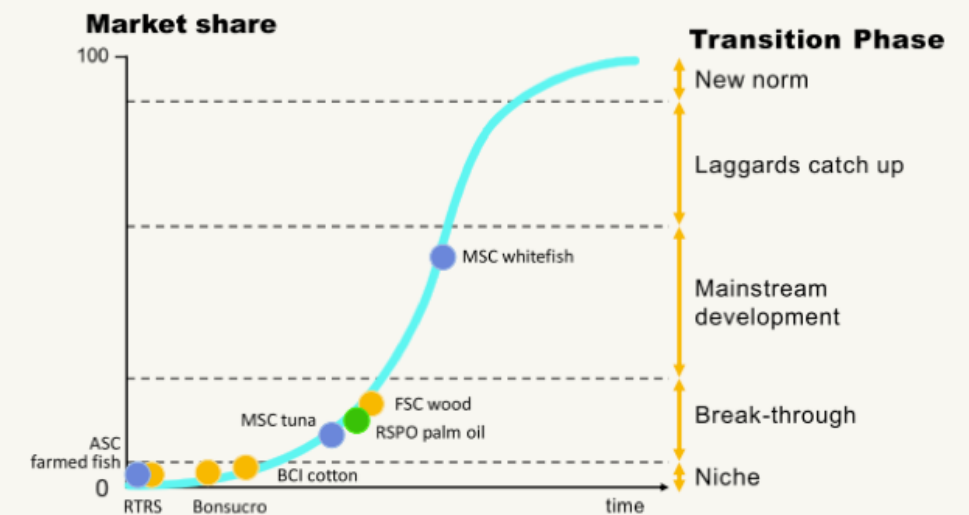
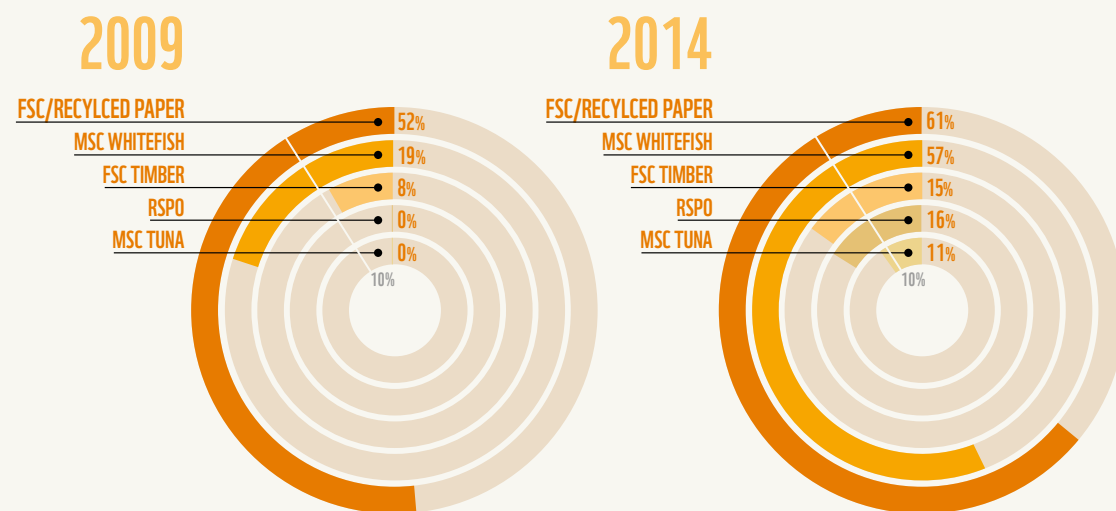
In the last five years, we've helped credible certification schemes for six key commodities enter the market:

- Aquaculture Stewardship Council (ASC) for farmed fish, including salmon and shrimp
- Better Cotton Initiative (BCI)
- Roundtable on Sustainable Palm Oil (RSPO)
- Round Table on Responsible Soy (RTRS)
- Bonsucro for sugarcane
- Roundtable on Sustainable Biomaterials (RSB) for biofuels and biomaterials.

All these certified commodities are now commercially available, with Better Cotton and Bonsucro already accounting for more than 3 per cent of the market. The Global Roundtable on Sustainable Beef (GRSB), of which WWF is a founder member, is in the process of developing a standard for beef. All of these schemes have been developed by bringing all stakeholders together to agree standards – a significant step in sectors that have been riven with conflict. They are the leading mainstream sustainability standards, with the expressed goal of driving entire industries toward better performance.

BIG INCREASES IN CERTIFIED PRODUCTION

We've pressed companies to adopt these standards, and we've seen measurable increases in certified production under both established and newly developed schemes. Several have broken the 10 per cent barrier, as they move from niche to mainstream. In the long term, we want to make sustainability a pre-competitive requirement: just as safety certificates are a prerequisite for selling electrical equipment, market access will depend on being able to verify that commodities have been produced within the Earth's limits.



MAKING THE BEST BETTER

Credible standards require continuous improvement. We've worked to strengthen standards, address problems and challenge questionable certifications. For example, we pushed for the introduction of the RSPO's new planting procedure – which makes members "walk the walk" by ensuring the RSPO's environmental and social requirements are taken into account before new plantations are developed. We've made sure that, while the RTRS standard is applicable to all soy producers, it includes a separate GM-free component. We've also recently helped to strengthen the social component of the MSC standard.



THE CAT ASSESSES CERTIFICATION SCHEMES' EFFECTIVENESS

KEEPING STANDARDS HIGH FOR MAXIMUM IMPACT

With the proliferation of certification schemes, identifying the most credible can be a challenge. We've developed a comprehensive Certification Assessment Tool (CAT) for assessing a scheme's ability to deliver positive environmental and social change at scale. As well as providing useful guidance for private and public sector decision-makers, the CAT can help certification schemes identify areas for improvement to strengthen their standards and systems.

We've signed a partnership agreement with the ISEAL Alliance, a global membership association for sustainability standards. We will evaluate the impact of certification schemes to see how implementing standards contributes to social and environmental gains on the ground – in WWF's priority places and globally. In collaboration with multiple other organizations, we're launching evaluations in Peru and Cameroon (FSC tropical timber), Chile (FSC pulp and paper and ASC salmon) and Malaysia (RSPO palm oil). An evaluation of MSC seafood is also planned.



NOT JUST FOR THE BIG FISH...

Small farms, fishing and forestry provide a living for nearly a third of the world's population. WWF's market transformation work is helping to open up new opportunities for small-scale producers.

We've worked with partners including Swiss retailer Coop to support traditional pole-and-line tuna fishers in the Philippines. The project is supporting around 8,000 fishermen on 2,200 wooden boats to supply European markets and get the fishery ready to apply for MSC certification for yellowfin tuna. Whenever possible, Coop sources all its fresh tuna from these producers. While the selective pole-and-line fishing method is inherently sustainable, the project is helping fishers to meet MSC criteria in areas such as scientific monitoring and safety procedures, and to understand the demands of the European market.

BIG GAINS FOR SMALL PRODUCERS

We've helped small-scale producers worldwide benefit from sustainability schemes

Global markets affect hundreds of thousands of small-scale farmers, growers and fishers, their families and their communities. For small producers, meeting sustainability

standards can be a challenge. But we've demonstrated how small producers around the world can benefit from credible certification and better production practices, creating models that could benefit many more.

20%
PRODUCTIVITY
GAINS FOR
PALM OIL
SMALLHOLDERS

1 SUMATRA

When independent smallholders who grow palm oil want to improve their livelihoods, they tend to expand their plantation area. And that has a serious cumulative impact in places like Riau province in Sumatra – where hundreds of thousands of smallholders live alongside hugely biodiverse rainforest and critical habitat for elephants and tigers.

Working with the French supermarket chain Carrefour, we supported around 350 smallholders to set up an association to produce certified sustainable palm oil under the RSPO's group certification scheme. These smallholders avoid expanding into forested areas. Instead, they are using better management practices to improve productivity and working as a collective to reduce costs. Productivity has increased by at least 20 per cent, while group members have significantly reduced their use of agrochemicals. Many neighbouring smallholders are now interested in setting up similar schemes.

X3
SOME HOUSEHOLDS HAVE
TRIPLED THEIR INCOME
THROUGH SUSTAINABLE
RATTAN PRODUCTION

2 LAOS

We've supported a project helping local people to supply the world's first FSC-certified rattan – an important first step in making the US\$4-billion rattan industry sustainable. Over 700 people, mainly women, from seven villages are involved in growing, harvesting, splitting the rattan and weaving it into baskets and other handicrafts. Some households have more than tripled their income.



**HUNDREDS OF FISHERS
HAVE LEARNT ABOUT
ECOSYSTEM APPROACHES**

3 SOUTH AFRICA

The Responsible Fisheries Alliance – a partnership WWF set up with four of South Africa's leading fishing industry companies – runs a responsible fisheries training course. We've developed the course to help fishers and managers learn what an ecosystem approach to fisheries is all about. Several hundred people have attended, including many fishing boat captains and crew.



30-51%
REDUCTION IN WATER USE
FOR FARMERS GROWING
BETTER COTTON

4 INDIA

We've worked with thousands of cotton farmers in India to promote better management practices. In 2010, the 8,800 farmers involved used 30-51 per cent less water, 38-80 per cent less pesticide and 32-53 per cent less herbicide and chemical fertilizer, and reduced greenhouse gas emissions by 57 per cent. Using fewer inputs means bigger profits: by 2012, farmers growing Better Cotton had seen their profitability increase by a third. Better management practices, including less exposure to hazardous chemicals, have also improved the health of the mainly female cotton pickers. We've seen similar benefits in Pakistan – where Better Cotton farmers enjoyed a 14 per cent higher yield – as well as in Brazil, China and Mali.

13,000 HA
OF ATLANTIC FOREST
BEING PROTECTED BY
FSC-CERTIFIED SMALL
GROWERS

5 BRAZIL

FSC certification is increasingly important for market access in the pulp and paper sector, but the cost of certification is beyond the means of many small growers. Pulp and paper company Suzano runs a group certification programme to support its small suppliers – who supply nearly a quarter of the wood used in its Macuri mill in Bahia state – to become certified. Suzano pays a premium for this certified wood. To date, 75 landowners have achieved certification. Together they own more than 22,400 hectares of plantations, along with a further 13,000 hectares of Atlantic rainforest that they are obliged to conserve and restore.



NET POSITIVE

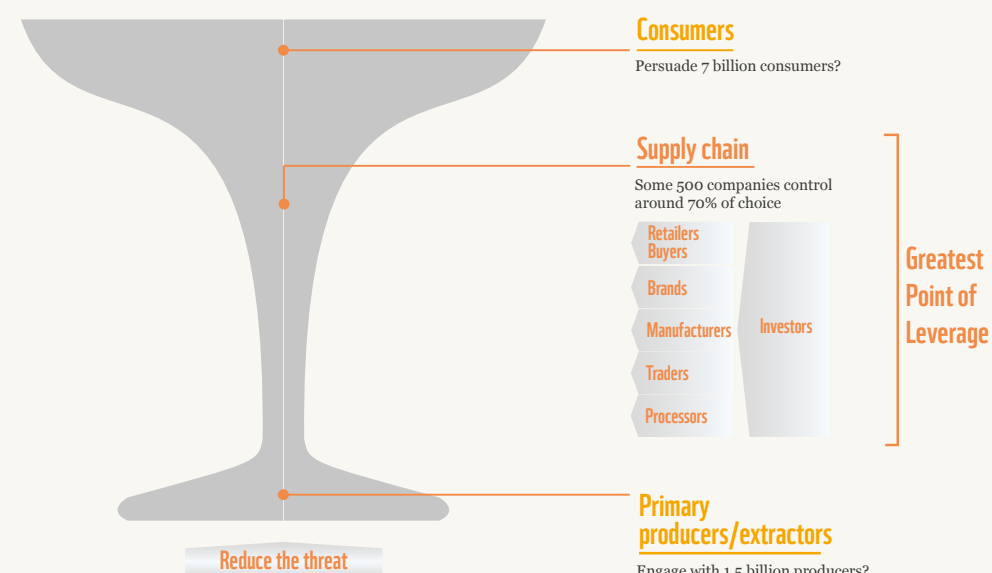
Two hours away from the port of Concepcion, Chile, the crew of the Don Luciano haul in their nets. The Pacific hake fishery is their livelihood and an important part of the Chilean economy, but two-thirds of the country's fish stocks have been badly over-exploited. Widespread reforms are now under way, with the government adopting an ecosystem-based approach in an effort to restore fisheries and manage them sustainably.

Globally, more than half of all whitefish – like hake – is now MSC certified, providing consumers with the assurance that it comes from fisheries that are being managed sustainably. Increasingly, the market is demanding sustainable fish, with a substantial number of major retailers having committed to sourcing seafood that meets MSC standards.

MOVING MARKETS

A growing number of influential businesses are demanding better production practices

Around 500 companies control roughly 70 per cent of global markets for our priority commodities. If we can get a critical mass of companies to demand higher production standards, we can push commodity markets to a tipping point where sustainability becomes the norm.



1/4
PRIORITY COMPANIES
ENGAGED IN SUSTAINABLE
SOURCING, 2009

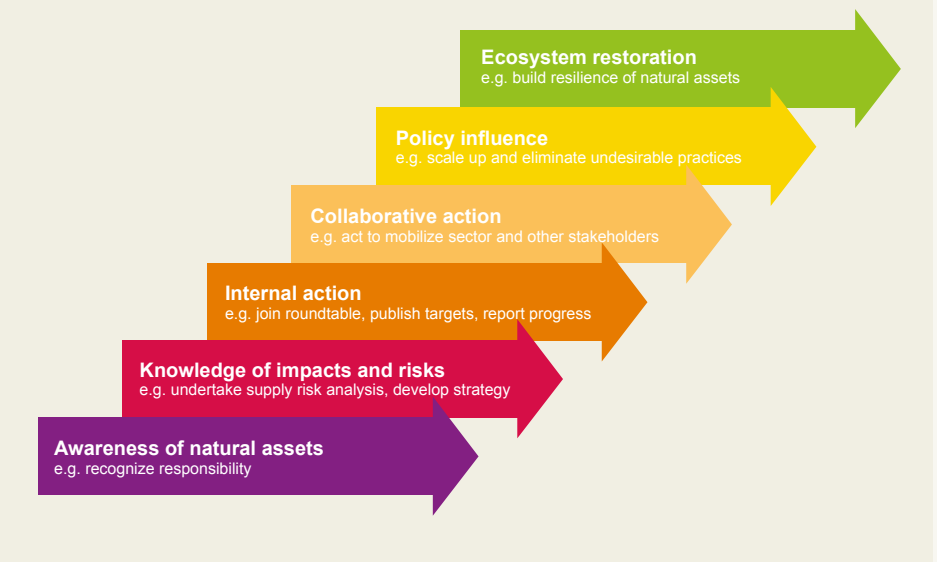
We've identified 100 companies we consider can drive major change in global commodity markets. All are significant players in the supply chains of at least two commodities. About three-quarters of these companies have taken the first steps towards better sourcing by joining a multi-stakeholder roundtable, publishing time-bound targets to purchase credibly certified commodities, or both. On the journey toward corporate stewardship, shown in the graph on the right, this includes steps up to and including various forms of internal action.

3/4
PRIORITY COMPANIES
ENGAGED IN SUSTAINABLE
SOURCING, 2014

Some companies have gone further and are implementing wide-ranging strategies for sourcing raw materials more sustainably. These include large retailers and manufacturers such as Coca-Cola, Coop, Edeka, IKEA, Marks & Spencer, Migros, Unilever, and others mentioned elsewhere in this publication. In a few cases, companies have gone further by supporting collaborative action to move their sectors and influence government.

This shows significant progress from five years ago, when less than a quarter had taken any public action. But it is only the first steps to corporate stewardship and still too many companies have not yet visibly started the journey.

STEPS TOWARD CORPORATE STEWARDSHIP



35
MILLION
HECTARES OF FOREST FSC
CERTIFIED AS A RESULT
OF THE WWF AND IKEA
PARTNERSHIP

IKEA STEWARDSHIP JOURNEY

WWF wants companies to commit to sustainable sourcing. Beyond that, though, we want them to play a more proactive role in increasing the supply of credibly certified commodities, and advocating for higher standards in the sectors and regions where they work.

IKEA is one of the world's biggest buyers of FSC wood. More than 41 per cent of its wood products came from certified or recycled sources in 2014, and it's committed to 50 per cent wood from more sustainable sources and 100 per cent in priority areas by 2017. To support this, IKEA has been working for more than a decade to increase FSC certification in key regions as part of its partnership with WWF. The partnership has contributed to the FSC certification of more than 35 million hectares of forest worldwide – an area the size of Germany – and has played a significant role in enabling big increases in China, Russia and Eastern Europe. The company has also helped influence forest policy, for example by working with other concerned businesses to suggest amendments to Russia's forest law and working with the Chinese State Forest Administration to map high conservation value forests.

MILESTONES AND SELECTED COMMITMENTS

PALM OIL



- Out of the top 55 food retailers in Deloitte’s Global Powers of Retailing 2014 report, 24 have made time-bound commitments to certified sustainable palm oil. Those that have committed to 100 per cent RSPO-certified palm oil by 2015 include Carrefour, Kroger, Wesfarmers (Coles Supermarkets) and Tesco PLC.
- Some of the largest palm oil traders have also committed to 100 per cent RSPO palm oil, including Wilmar – which controls 45 per cent of palm oil trade – and Olam International (by 2016), and Cargill (by 2015 for the EU, US, Canada, Australia and New Zealand, and by 2020 worldwide).
- All of Wilmar’s palm oil from smallholders will be RSPO certified by 2019.
- COFCO, China’s largest food processing company, joined the RSPO in 2012.

SOY



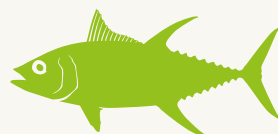
- The Dutch Sustainable Soy Initiative (IDS) purchased the first credits of RTRS certified soy. The IDS represented Nevedi (Dutch feed industry association), FrieslandCampina, Vion, Gebr. Van Beek Group, 2 Sisters Storteboom and Ahold.
- Unilever has committed to sustainably source 100 per cent of its soybeans by 2014, and 100 per cent of its soy oil by 2020. It has started by buying RTRS certificates, while working with suppliers to help farmers get RTRS certified.
- The Dutch Sustainable Soy Initiative (IDS) purchased the first credits of RTRS certified soy. The IDS represented Nevedi (Dutch feed industry association), FrieslandCampina, Vion, Gebr. Van Beek Group, 2 Sisters Storteboom and Ahold.
- Other companies that have committed to RTRS soy include Swiss retailers Migros and Coop (90 per cent ProTerra or RTRS GMO-free by 2014) and Dutch retailer Ahold (100 per cent RTRS by 2015).

TIMBER, PULP & PAPER



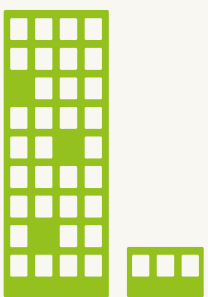
- Nestlé gives preference to FSC to demonstrate compliance with its responsible sourcing guidelines.
- German retailer EDEKA has committed to 100 per cent recycled (for preference) or FSC paper, tissue and timber for all its own brand products by 2015.
- Kimberly-Clark doubled its use of FSC-certified and recycled fibre in its global tissue products from 40 per cent in 2008 to over 83 per cent in 2013.
- Procter & Gamble is on track to meet its goal of 40 per cent FSC-certified fibre in its tissue and towel products by 2015.

FISH/SEAFOOD



- Companies that have committed to sourcing all their seafood from fisheries that are MSC certified, or working toward certification, by 2015 or earlier include Australian retailers Coles Supermarkets and Woolworths, US distributors Sysco and Sodexo, one of the world’s largest food service providers.
- Kroger, the largest grocery chain in the US, has pledged to source 100 per cent of its top 20 wild-caught seafood species from MSC-certified fisheries, or those working toward certification, by 2015.
- By the end of 2014, Carrefour will stock 50 MSC products (up from 22 in 2013) and no at-risk seafood.
- Tri Marine International (Singapore) and Thai Marine (Thailand) are among the tuna suppliers to have joined the International Seafood Sustainability Foundation (ISSF) to promote sustainable tuna fishing.

MULTIPLYING IMPACT THROUGH INDUSTRY PLATFORMS



Companies we’ve engaged and worked with have also pressed for more sustainable sourcing through industry platforms and associations, leading to potentially game-changing commitments:

- The Consumer Goods Forum, representing 400 of the world’s largest consumer goods companies, have committed to deforestation-free supply chains for the four largest drivers of tropical deforestation (beef, palm oil, pulp and paper, and soy).
- In partnership with the China Chain Store and Franchise Association, we set up the China Sustainable Retail Roundtable. The 12 member companies, which together account for more than 12,000 stores and around RMB 9.3 trillion (€1.1 trillion) in turnover, have committed to integrating sustainability into their business strategies.
- The members of the Global Salmon Initiative, which represent 70 per cent of farmed salmon production worldwide, have committed to 100 per cent ASC certification by 2020.
- Around 60 per cent of global tuna canners have signed up to the International Seafood Sustainability Foundation to work toward MSC-certified tuna.
- The Foundation for the Supply Chain Transition to Responsible Soy, a coalition of soy buyers in the Netherlands, aims for 100 per cent of soy for the Dutch market to be certified to RTRS standards, or equivalent, by 2015. The Belgian feed industry association, Bemefa, has committed to import 100 per cent responsible soy by 2015. Similar initiatives are under way in Denmark, Sweden and Switzerland, among others.
- Businesses and trade organizations have come together to aim for 100 per cent RSPO-certified palm oil by 2015 in France, Germany, Belgium and the Netherlands.

SUPPLY RISK ANALYSIS



10

OF OUR TOP 100
COMPANIES HAVE USED
OUR TOOL TO ANALYSE
THEIR SUPPLY CHAIN RISKS

Companies are using WWF’s Supply Risk Analysis to assess over 50 commodities in almost as many countries. The tool identifies the likelihood and severity of a range of supply security, environmental and social risks posed by soft commodities across regions of production, and maps out practical steps companies can take to minimize and mitigate these risks. Out of our top 100 influential companies, 10 have used the Supply Risk Analysis to inform their sustainable sourcing policies and action plans. In 2014 we launched the supplyrisk.org website and database, providing a direct interface for corporate engagement.

BEEF STAKES

When it comes to steak, the stakes are high. No commodity uses a larger area of land than beef. Cattle ranching is the biggest driver of deforestation in South America, and it makes a significant contribution to global greenhouse-gas emissions.

Over the last decade, WWF has been working with the Brazilian Association of Organic Beef in the Pantanal to promote better environmental and social practices in the beef industry. These practices are now being applied across more than 170,000 hectares, up from just 3,000 hectares in 2003. Smarter management can significantly increase productivity, restore degraded pasture and even sequester carbon.

Initiatives like this are feeding into the Global Roundtable on Sustainable Beef, which we helped set up in 2012, and which is in the process of defining a standard for sustainable beef. McDonald's is a founding member, and has publically committed to begin sourcing sustainable beef in 2016.



INFLUENCING INVESTMENT

We're actively engaging with the finance sector to invest in more sustainable commodity production

Financial institutions play a large role in influencing how and where soft commodities are produced. Banks and investors are becoming aware of the risk of unsustainable production practices and supply chains. Yet few fully understand the complex environmental and social issues involved. WWF provides data, tools and advice to help make capital a driver of positive change.

"Developing policies is difficult, and implementing them is even more difficult."

We're glad to have our partnership with WWF worldwide, as it means we can show stakeholders examples of how standards and policies are applied in concrete projects on the ground."

Richard Piechocki,
Senior Business Developer,
Team Sustainable
Business Development,
Rabobank Nederland

The 2050 Criteria: Published in 2012, The 2050 Criteria is a first-of-its-kind guide to sustainable investment in mainstream agricultural, forest and seafood commodities. It helps investors to understand environmental and social issues in commodity production, and gives them the tools to sort the responsible from the risky, and to drive better production in the most crucial sectors. The report was covered by more than 20 global news outlets, from Egypt to China.

Deforestation-free banking: WWF is the civil society liaison to the Banking Environment Initiative, where we've helped develop a compact signed by eight banks (and counting) to drive tropical deforestation out of portfolios by 2020. Mirroring the commitment made by the Consumer Goods Forum (see page 25), the banks will require clients in commodities linked to deforestation – such as forest products, palm oil and soy – to become credibly certified.

Benchmarking banks: Our Bank Policy Benchmarking Tool compares partner bank sector policies anonymously against their peers in order to drive improvements. The framework has now been taken up by United Nations Environment Programme Finance Initiative (UNEP FI), which has benchmarked 30 global financial institutions and will release results in the upcoming report Bank and Investor Risk Policies on Soft Commodities, advised by WWF. This will be accompanied by a public self-assessment tool for use by banks and investors.

Mapping risks: The International Finance Corporation (IFC) GMAP is a risk-mapping tool aligned to the 2012 IFC Performance Standards on Environmental and Social (E&S) Sustainability and was developed in partnership with WWF in 2011-12. It is closely modelled on and complementary to WWF's Supply Risk Analysis. IFC piloted GMAP from 2012 to 2014 with eight client banks that used GMAP as part of their E&S due diligence process. GMAP was also shared with large agro-commodity traders, two of which incorporated the methodology into their sourcing policies and due diligence process. We're now developing the business model to take the tool to a broader audience.

The Palm Oil Investors Review: We surveyed 35 key palm oil sector investors to assess their views of the sustainability challenges in the palm oil industry, and what they're doing to manage them. We published results and recommendations for how they could play a more effective part in promoting a sustainable palm oil industry, and what WWF and the RSPO could do to support them.



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Processing sugarcane in the Maquipucuna Reserve, Ecuador - part of the Chaco-Darien ecoregion, one of the world's top five biodiversity hotspots. We work with investors to help them understand the complex social and environmental issues involved in commodity production.

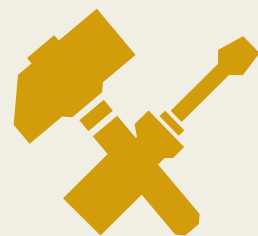
DRIVING CHANGE

When businesses, governments and consumers take on our agenda, the potential impact is huge

Over the last few years, we've seen a dramatic change among key decision makers. The narrative around sustainable commodity production, trade and sourcing is now infused by ideas and concepts WWF helped to develop. New actors including governments have begun to recognize the challenges and the actions they need to take.

US\$1 MILLION

STRIKES AND SOCIAL UNREST FREQUENTLY CAUSE DISRUPTIONS AT PALM OIL MILLS. JUST THREE OR FOUR DAYS' SHUT-DOWN AT A TYPICAL MILL CAN EASILY COST MORE THAN US\$1 MILLION. FOLLOWING RSPO'S SOCIAL ENGAGEMENT AND LABOUR PRINCIPLES CAN ELIMINATE THESE PROBLEMS.



MAKING THE CASE FOR BETTER PRODUCTION

We've published business cases for better production for palm oil, soy and wild-caught seafood. These show that the business benefits go far beyond price premiums or better market access for certified products. Producers have eliminated massive hidden costs from labour unrest, and saved money by reducing pesticide use, labour turnover and other operating costs, as well as achieving legal compliance. We're currently preparing business cases for ASC aquaculture in Chile, and FSC forestry globally.

98%

OF EDEKA'S PALM OIL IS CERTIFIED SUSTAINABLE

STRATEGIC PARTNERSHIPS

We've engaged in in-depth strategic partnerships with several key companies that want to be leaders for positive change. One example is the strategic partnership between WWF-Germany and German retailer EDEKA, which aims to reduce the company's environmental footprint through conserving resources, promoting better consumption and switching to certified sustainable commodities. The work relates to key commodities in the company's product range, including seafood, timber, paper/tissue, palm oil and soy, as well as climate and water issues. EDEKA is using the WWF Supply Risk Analysis to identify, minimize and mitigate supply security, environmental and social risks. Other key goals include adding more sustainable products to EDEKA's own-label range and communicating the importance of sustainable consumption.

1 MILLION

HECTARES OF FOREST APP HAS PLEDGED TO RESTORE

PUTTING PRESSURE ON THE WORST PERFORMERS

For the last 14 years, WWF-Indonesia's Forest Crime Unit and the Eyes on the Forest programme have been investigating and reporting on the large-scale tropical deforestation carried out by pulp and paper company Asia Pulp and Paper (APP). The Network has been advising companies and financiers around the globe to dissociate themselves from APP. Following joint pressure by numerous NGOs, APP committed to a moratorium on deforestation in early 2013, and in 2014 pledged to restore and conserve 1 million hectares of forest – an area equivalent to its existing plantation base. This looks like a big step forward for conservation – but only time will tell whether and how APP will honour its commitments. WWF is supporting implementation of the pledge while monitoring actions on the ground very carefully.

100,000

WWF LEAFLETS PROMOTING SUSTAINABLE CONSUMPTION DISTRIBUTED BY CHINESE STORES

RAISING AWARENESS OF BETTER CHOICES

We've been working with offices throughout the network and other partners to raise awareness of certification schemes and to promote sustainable consumption. Countries including Australia, the Netherlands, UK, France and Peru have run sustainable seafood days, WWF-Sweden and other offices have run schemes on healthy, sustainable food choices, and WWF has launched FSC awareness campaigns in countries such as China, Romania, Russia, Germany, the Netherlands and the UK. In September 2013, we worked with the China Sustainable Retail Roundtable on its first national Sustainable Consumption Week. Stores distributed 100,000 WWF brochures covering issues such as eco-labels for sustainable commodities (like FSC and MSC) and reducing food waste, and the event received widespread coverage in national media.

In 2013, we released an award-winning video in the form of a movie trailer and website (unseenthemovie.com) available in four languages to highlight the issues around palm oil. Visitors to the website were able to see what particular companies are – or aren't – doing, and were encouraged to Tweet companies directly to comment on their performance. The campaign received widespread media attention. The video has been watched more than 110,000 times, and over 8,000 individual Tweets were sent to companies as a result.

1/4

LOCAL AUTHORITIES IN THE UK HAVE PLEDGED TO USE FSC PAPER AND WOOD

PUBLIC SECTOR PLEDGES

National and local governments are significant buyers of key commodities, and many have made commitments to source more sustainably over the last five years. The UK government has committed to buying 100 per cent certified sustainable palm oil by 2015, and to support UK businesses to meet their own commitments. Following a campaign by WWF-UK in 2011-12, 95 local authorities in the UK (around a quarter) agreed to switch to FSC-certified timber and paper. Local authorities have also committed to using MSC-certified fish in schools, hospitals, prisons and canteens. Meanwhile, the Irish government has pledged to produce all its food and drink exports sustainably by the end of 2016.

CERTIFIED IMPROVEMENTS

Over a million hectares of rainforest in Cameroon is now FSC certified, helping to protect wildlife and improve the lives of local communities, including the indigenous Baka people.

The social, environmental and economic benefits of FSC certification are being documented in a growing body of research. Studies have shown that FSC-certified concessions involve less forest fragmentation and disturbance to wildlife habitats than other types of logging, including other certification schemes. In places where law enforcement is weak, FSC-certified forest concessions have even proven to be more effective than protected areas in staving off threats such as poaching, illegal logging, mining and wildfires.

Certification has been shown to give more power to workers and communities in negotiations with logging companies, and a more equitable share of the benefits. Audits show that the vast majority of companies have to make significant improvements to safety measures for workers in order to achieve certification, while FSC-certified operations have been found to provide better housing and living conditions, health insurance, and access to medical facilities for workers.



TRANSPARENCY

By making information publicly available, we're helping key players to measure their progress and pushing them to raise their game

“The increasing number of participants in the Environmental Paper Index year-on-year is a testimony to the growing importance of transparency and responsible business conduct for the industry. Customers are placing increased emphasis on their suppliers to manage their whole supply chain in a responsible and sustainable way. We are pleased to have been included in the index over the years and are proud of our continued efforts as a transparent and sustainable packaging and paper company”
John Lindahl, Group Technical Director, Mondi

Providing clear, publicly available information and regularly monitoring progress is an important part of our role as an NGO in improving production. It allows businesses, finance institutions and governments to benchmark their performance against their peers, highlighting areas for improvement and creating a “race to the top”. It also allows others to compare and judge their actions, and make investment and buying decisions accordingly.

PALM OIL BUYERS SCORECARD

We've published three biennial scorecards, assessing what retailers and manufacturers that use palm oil are doing to make the industry more sustainable. The scorecard grades companies according to the commitments they have in place, the actions they've taken, and the progress they've made toward sourcing certified sustainable palm oil. The 2013 scorecard, which assessed 130 companies from 14 countries, showed that palm oil buyers have increased their use of sustainable palm oil, but are still not doing enough to support responsible growers and reduce negative impacts on tropical forest habitats. It received substantial media coverage and gained a lot of traction within the palm oil industry, putting pressure on slow-moving companies to meet their commitments, and encouraging leaders to go a step further.

FIRST SOY REPORT CARD 2014

Prompted by the slow uptake of RTRS soy, we produced our first Soy Report Card in 2014. We assessed the purchasing policies of 88 major soy buyers, from the UK, Netherlands, France, Denmark and Sweden. This followed our 2013 report *The Growth of Soy*, a comprehensive analysis of the global soy industry, its impacts, and possible solutions. Since around three-quarters of all soy is fed to livestock, the report card focused on the use of soy in animal feed, shining a light on a very murky supply chain. The report showed that companies are doing very little to support responsible soy – especially the meat, egg and feed companies that remain largely invisible to consumers. The release of the report card resulted in at least 10 companies joining RTRS, buying RTRS certificates, making or updating commitments, or approaching WWF for the first time to work on soy.

CLEAR PAPER

Some of the world's biggest pulp and paper companies have voluntarily disclosed the environmental impact of their products through our Environmental Paper Index. Published annually, the index has grown from just five participants in 2010 to 25 in 2013. Together, these companies produce 14 per cent of the world's pulp, paper and board – some 82 million tonnes in total. Various product lines are scored in areas such as responsible fibre sourcing, clean manufacturing and environmental management systems. Meanwhile, Check Your Paper (checkyourpaper.panda.org) provides paper producers with a simple self-evaluation tool to help improve their environmental performance, while allowing buyers to easily compare the footprint of different papers.



Certification makes it easier for consumers to make responsible choices. These fishfingers contain MSC-certified cod and RSPO-certified palm oil.

© RICHARD STONEHOUSE / WWF-CANON

PUBLIC POLICY

Our work has gone beyond voluntary standards to influence government policies and regulations



IMPROVING FISHERIES MANAGEMENT

Over the last few years, we've helped bring about significant improvements within regional fisheries management organizations, the institutions responsible for overseeing fish stocks within international waters. The Indian Ocean Tuna Commission agreed new science-based controls for limiting the harvest of all fish to sustainable levels, and introduced new rules to protect sharks and marine mammals. In the eastern Pacific, the Inter-American Tropical Tuna Commission has prohibited boats from catching endangered shark species, and is collecting data to help understand and reduce the impact of potentially destructive fishing methods like fish aggregating devices, purse seines and longlines over 20m. And the Western and Central Pacific Fisheries Commission has agreed measure for protecting sharks and seagulls, and to ensure that all boats operating in the region can be identified and tracked with a Unique Vessel Identifier, which will help combat illegal, unregulated and unreported fishing.



STRENGTHENING FOREST GOVERNANCE

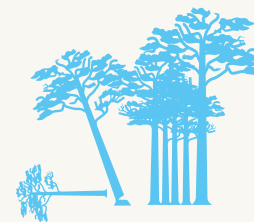
In many countries, forest legislation is fairly strict but enforcement is weak. FSC certification has been shown to lead to improved monitoring and legal compliance. For example, in Gabon, a study by CIFOR found that legal compliance of environmental legislation is much higher in FSC-certified concessions than in non-certified concessions. The results are comparable for Bolivia and Brazil, as well as Russia. Meanwhile in Paraguay, WWF successfully lobbied to extend the country's zero deforestation law to 2018.

FSC has had positive effects on regional and national regulations too. For example, in Russia, national forest policy previously focused on maximizing economic output rather than striking a balance between economic, social and environmental outcomes – creating a disparity between forest legislation and FSC certification. WWF has been a driving force behind the development of a comprehensive new forest policy in Russia that promotes conservation and sustainable management. It includes a number of innovations that were not legal under the old policy, including public involvement in forest planning, and protection of intact forest landscapes and ecological functions.



BENCHMARKING BIOFUELS

In 2013, we carried out an analysis of the various standards and schemes for biofuels that are accepted under the European Renewable Energy Directive (EU-RED). Although these schemes are supposed to guarantee sustainability, our biofuels benchmarking study found that a significant number of the 13 standards failed to fulfil basic environmental and social criteria. The top three schemes were all multi-stakeholder initiatives that WWF has been involved in developing: the RSB, RSPO and RTRS. The assessment has led to changes in many of the schemes, and we're pressing European countries to tighten up EU-RED requirements.



ILLEGAL TIMBER REGULATIONS

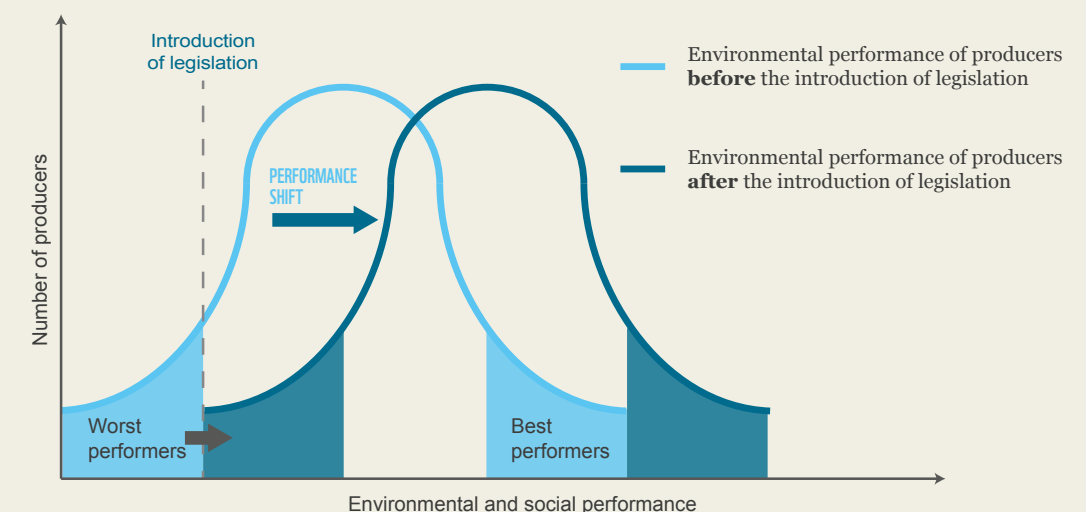
Over the last five years, the US, the EU and Australia have all introduced new legislation to clamp down on the import of illegal timber. This sort of legislation is important in helping to level the playing field for companies doing business responsibly and to shift the global timber supply chain to more sustainable practices. We helped make it happen by lobbying politicians, raising awareness and building support among the public and industry groups, and providing knowledge and technical input in the design and implementation of regulations.



GREEN BANKING REGULATIONS IN CHINA

We've worked with the Chinese government, the IFC and Chinese banks to develop a green credit policy, and guidelines for putting it into practice. The policy and guidelines aim to divert lending away from environmentally destructive enterprises and toward sustainable ones. They apply to both domestic and overseas lending. This is a significant breakthrough, as China is the world's fifth largest outbound investor.

MAKING BETTER PRODUCTION THE LEGAL NORM



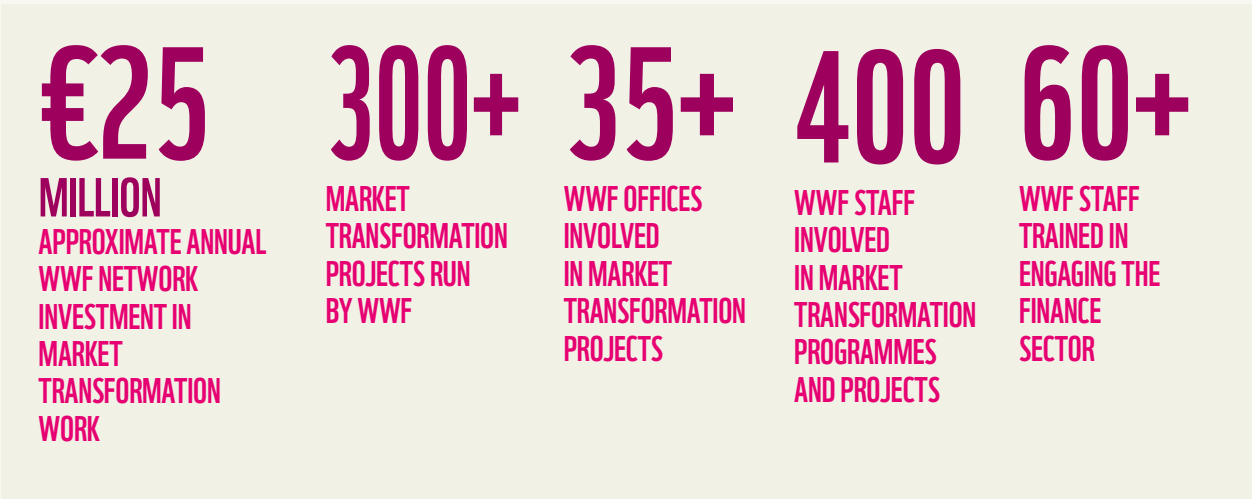
As progressive companies adopt voluntary standards, this can influence legislation that compels the poorest performers to improve.

BUILDING CAPACITY

We’re supporting market transformation work across the WWF network and a wide range of external organizations

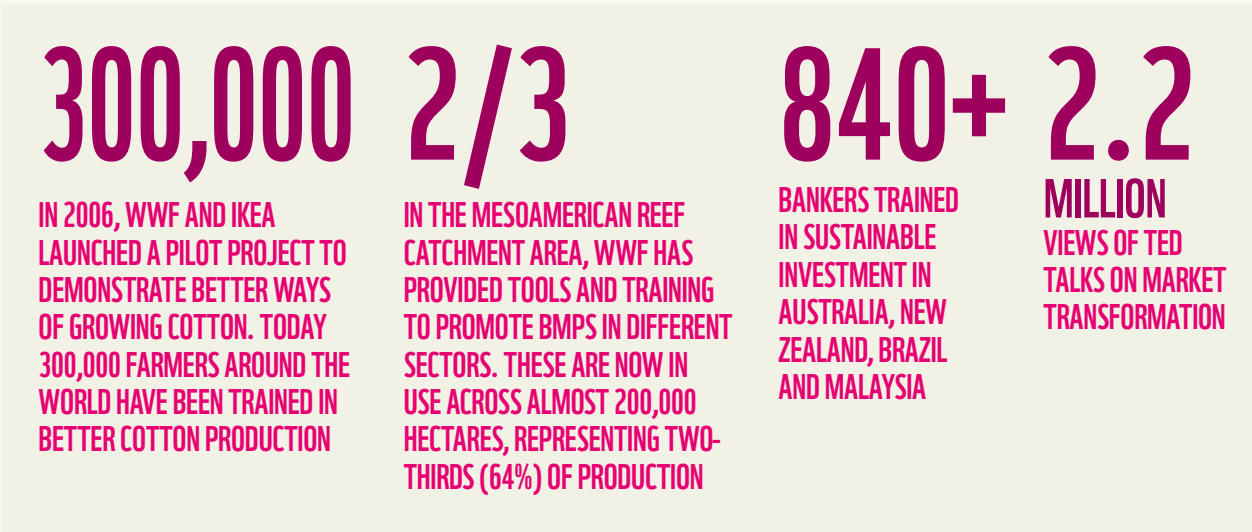
WWF NETWORK

WWF has been investing in market transformation work and capacity building in key countries across the network.



SPREADING BETTER PRACTICES

Through training, tools, pilot projects, presentations and online videos we’ve supported producers, businesses and the finance sector to improve production practices.



MARKET TRANSFORMATION TOOLBOX

We’ve developed tools to address the key questions that businesses ask about better production.

		
WHAT DO I NEED TO WORRY ABOUT?	Identify and understand commodity production risks	Supply Risk Analysis (supplyrisk.org) GMAP tool The 2050 Criteria ESG guide for banks
HOW DO I COMPARE STANDARDS?	Compare schemes based on strength of standard requirements and system strength - a proxy for likelihood of field-level implementation	Certification Assessment Tool (CAT) (e.g. biofuels benchmarking)
IS CERTIFICATION EFFECTIVE?	Demonstrate social and environmental results on the ground	Social and environmental impact assessments Case studies
IS IT WORTH IT?	Demonstrate economic results	Business cases for different certification schemes

LOOKING FORWARD: THE NEW NORMAL

Transformation has gained momentum over the last five years: the next few years will be equally crucial

The last five years have brought some significant achievements. We've seen more and more producers adopting better practices – and businesses, investors, consumers and governments demanding it of them. That's already having positive conservation impacts on the ground, and improving the livelihoods of tens of thousands of farmers, fishers and foresters and their families.

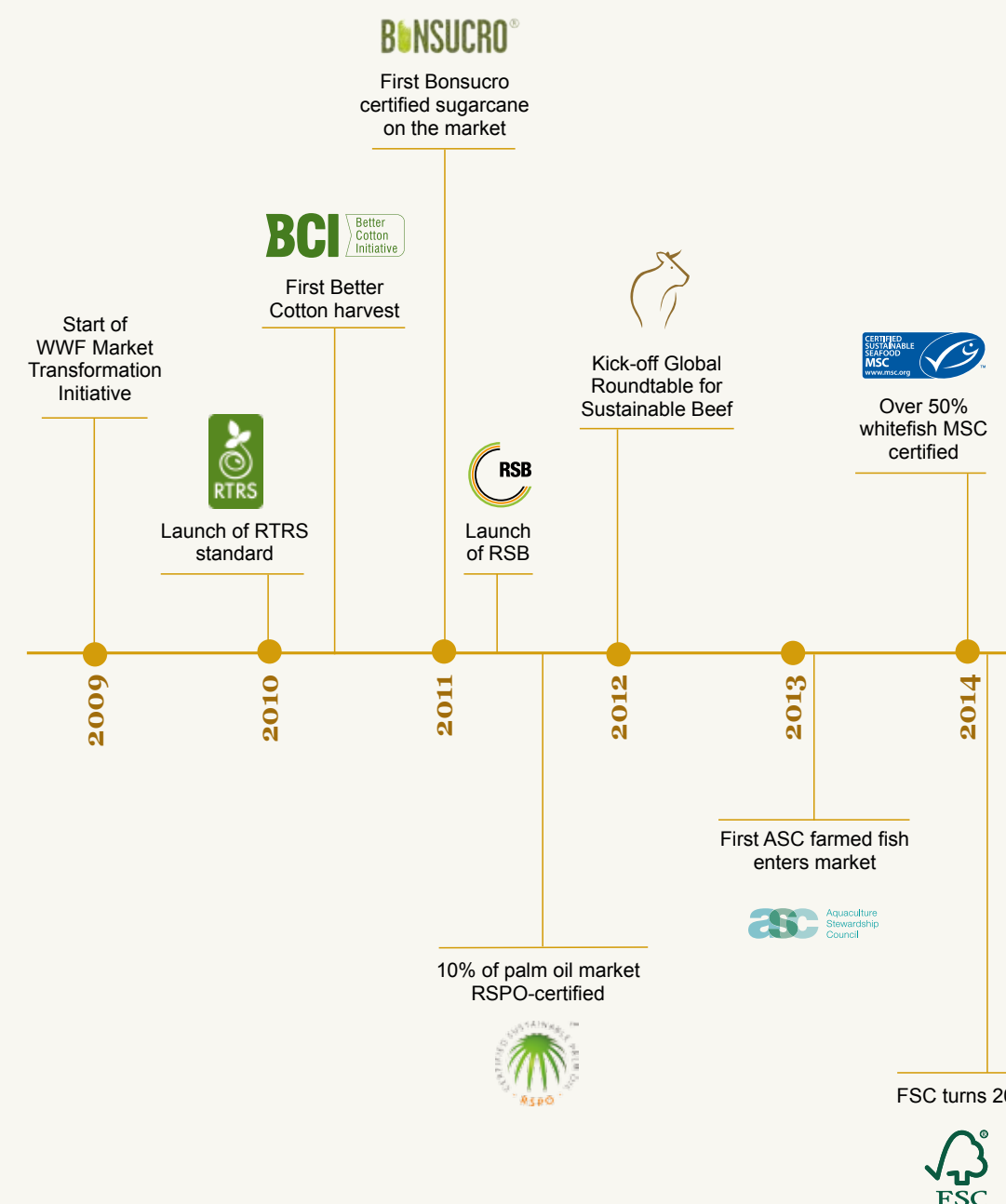
Credible standards and certification, which we've helped to pioneer, are increasingly seen as “business as usual” in the food and agriculture, forestry and seafood sectors. Many large buyers have already committed to sourcing only certified products, while important financial institutions are insisting on credible certification as part of their lending criteria. It's becoming something that companies use and report on as part of doing business. A “new normal” is within reach.

But this work is far from finished. Over the next few years, we'll continue implementing the strategy that has helped to get us where we are, with stronger emphasis on:

- **Influence** – We'll multiply our impact by engaging others to spread the message, including through campaigns.
- **Key commodities** – We'll focus our efforts on eight commodities: palm oil, soy, beef, timber, pulp and paper, tuna, whitefish and farmed shrimp.
- **Engaging producers** – We'll help make certification more accessible, particularly to smaller producers.
- **Landscape approaches** – At the same time, we'll increasingly encourage companies to look beyond the certification unit to the landscape level, integrating production and ecosystems within catchment areas, districts and whole countries.
- **Public policy** – We'll increasingly engage with public policy, so regulation keeps up with voluntary certification.

So many people have played their part in the successes we've seen over the last five years – from producers to retailers, governments to NGOs, conservationists to consumers. We look forward to working with you in the years ahead, as we strive for better commodity production and to leave a living planet for future generations.

TIMELINE





Organic vegetables on sale in a Carrefour supermarket in China. Promoting sustainable production and consumption in China and other emerging economies is a key challenge for the WWF network in the coming decade.

WWF NETWORK

WWF Offices

Armenia	Greece	Philippines
Azerbaijan	Guatemala	Poland
Australia	Guyana	Romania
Austria	Honduras	Russia
Belgium	Hong Kong	Senegal
Belize	Hungary	Singapore
Bhutan	India	Solomon Islands
Bolivia	Indonesia	South Africa
Brazil	Italy	Spain
Bulgaria	Japan	Suriname
Cambodia	Kenya	Sweden
Cameroon	Korea, Republic of	Switzerland
Canada	Laos	Tanzania
Central African Republic	Madagascar	Thailand
Chile	Malaysia	Tunisia
China	Mauritania	Turkey
Colombia	Mexico	Uganda
Cuba	Mongolia	United Arab Emirates
Democratic Republic of Congo	Mozambique	United Kingdom
Denmark	Myanmar	United States of America
Ecuador	Namibia	Vietnam
Finland	Nepal	Zambia
Fiji	Netherlands	Zimbabwe
France	New Zealand	
French Guyana	Norway	WWF Associates
Gabon	Pakistan	Fundación Vida Silvestre (Argentina)
Gambia	Panama	Pasaules Dabas Fonds (Latvia)
Georgia	Papua New Guinea	Nigerian Conservation Foundation (Nigeria)
Germany	Paraguay	
Ghana	Peru	

MARKET TRANSFORMATION IN NUMBERS

100%
RECYCLED



57%

Globally, 57.4% of whitefish comes from MSC-certified fisheries

+15%

Farmers producing Better Cotton in Pakistan boosted their incomes by 15 per cent while reducing water and chemical use

-68%

In the Mesoamerican Reef Catchment area, better agricultural practices have reduced pesticide toxicity by 68 per cent

0

RTRS soy and RSPO palm oil plantations must not replace natural forests or areas of high conservation value



Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

www.panda.org/markets