



WWF

FACT SHEET

2015

# MARKET TRANSFORMATION INITIATIVE

## WHY COMMODITY MARKETS MATTER

Today, we use natural resources at 1.5 times the rate at which nature can replenish them, depleting the Earth's natural capital. This has a huge impact on nature and people, and threatens our very future. As population and incomes grow, our demands are increasing. UN estimates suggest that we'll need to produce 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 ecosystems 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. But it's possible to produce these commodities better – with environmental, social and economic benefits. And this needs to become the new "normal".

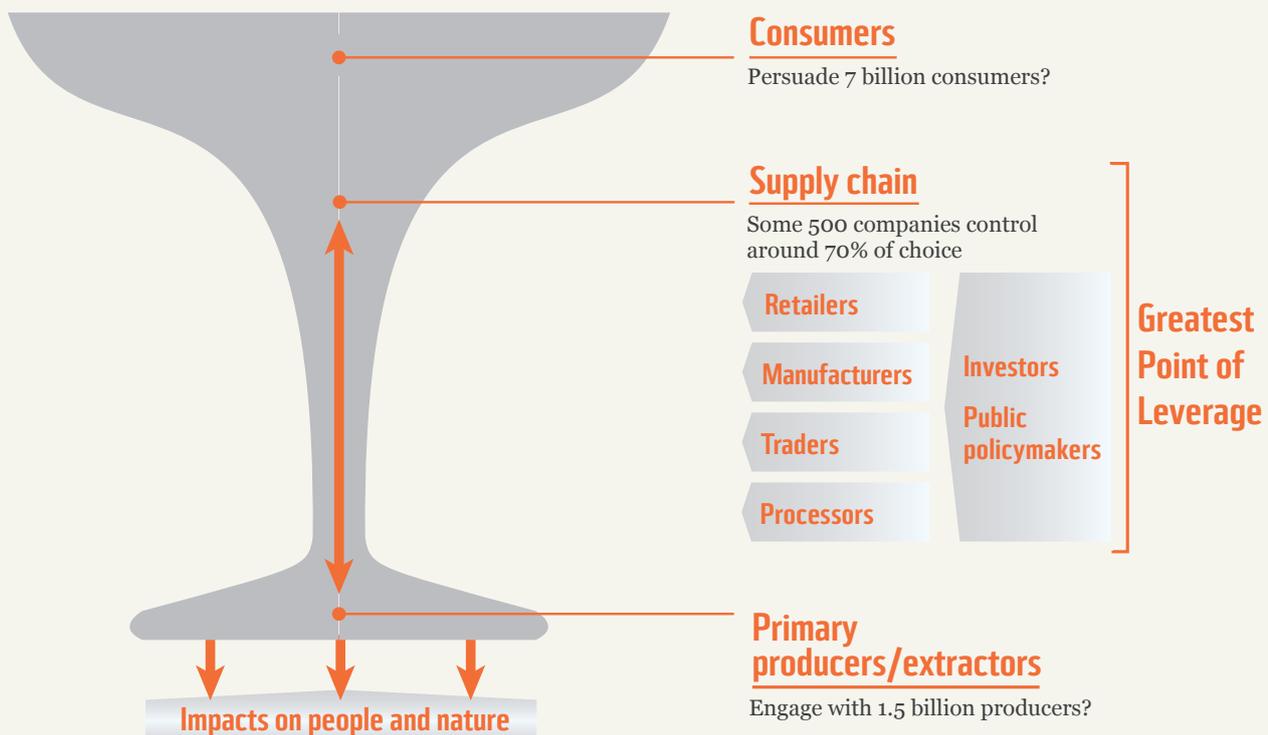
### TOP PRIORITIES OTHER PRIORITIES

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

## THE STRATEGY

So how can we do this? Do we try to persuade 7 billion consumers to change their habits? Engage with 1.5 billion producers? Our analysis reveals a more practical solution.

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 use credible production standards, we can push commodity markets to a tipping point where sustainability becomes the norm.





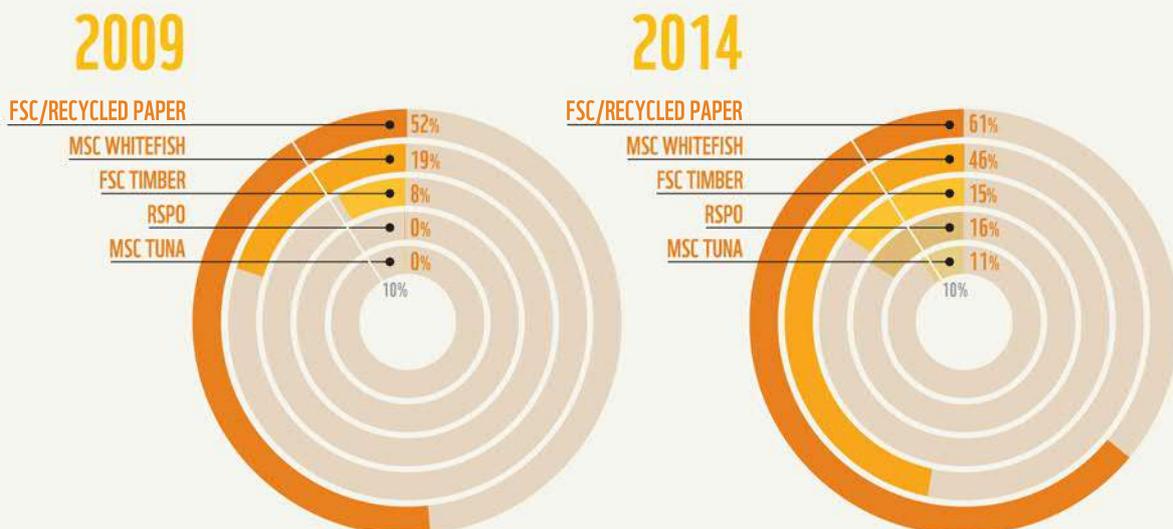
## HOW WE WORK

We work in a variety of ways to mobilize companies to make better commodity production the norm. Our approaches range from providing tools to help improve practices on the ground, to influencing the supply chains, financial investments and government policies that shape them.

- **Standards and certification:** We support independent, credible certification schemes that reduce the negative impact of production of these commodities, such as the Forest Stewardship Council (FSC), the Marine Stewardship Council (MSC) and the Roundtable on Sustainable Palm Oil (RSPO).
- **Engaging producers:** We help producers – particularly smallholders and artisanal fishers – to reduce their environmental impact, gain access to international markets and improve their livelihoods. We also support better production practices on a larger landscape scale.
- **Corporate engagement:** We work directly with the most important companies to transform their operations and supply chains, and multiply the impact by working with them through industry platforms and associations to press for wider change.
- **Sustainable finance:** We actively engage with the finance sector to improve understanding of environmental and social issues and risks, and provide tools and advice to enable them to invest in companies involved in more sustainable commodity production.
- **Public policy:** We complement voluntary standards by influencing government policies and regulations in areas such as forest and fisheries management, banking regulations in China, EU rules on timber imports and biofuels, and public procurement policies.

## INCREASES IN CERTIFIED PRODUCTION

We've helped promote credible certification schemes for priority commodities, and have seen big increases in certified production. Several certified commodities have broken the 10 per cent barrier, as they move from niche toward mainstream. At the same time, we've helped to strengthen standards – from improving procedures for new RSPO palm oil plantations to limiting the impact of MSC fisheries on important marine habitats. 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.



**35  
MILLION**

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

## **CORPORATE STEWARDSHIP**

We've identified 100 companies we consider can drive major change in global commodity markets. About three-quarters have taken the first steps toward better sourcing by joining a multi-stakeholder roundtable, publishing timebound targets to purchase credibly certified commodities, or both. This shows significant progress from five years ago, when less than a quarter had taken any public action.

Some companies are implementing wide-ranging strategies for sourcing raw materials more sustainably: 10 of our top 100 companies have used a supply risk tool we developed to analyse environmental and social risks in their supply chains. Others have gone further by supporting collaborative action to move their sectors and influence government. We've engaged in in-depth strategic partnerships with several of these: our partnership with Ikea, for example, has contributed to the FSC certification of more than 35 million hectares of forest worldwide – an area the size of Germany.



## **INCREASING TRANSPARENCY**

Providing clear, publicly available information and regularly monitoring progress is an important part of our role. 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. Examples include our Palm Oil Buyers Scorecard, Soy Report Card and Environmental Paper Index.

## **PUTTING PRESSURE ON THE POOR PERFORMERS**

We've put pressure on buyers and financiers around the world to dissociate themselves from companies involved in deforestation and other destructive practices – such as Asia Pulp and Paper (APP), responsible for large-scale clearance of rainforests in Indonesia.



## 185 MILLION HECTARES

Over 185 million hectares of forest worldwide are now FSC-certified. Studies have shown that FSC-certified concessions involve less forest fragmentation and disturbance to wildlife habitats than other types of logging. 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 improve safety and living conditions for workers, give more power to workers and communities in negotiations with logging companies, and give a more equitable share of the benefits.



## +20% INCREASE IN SMALLHOLDER PRODUCTIVITY

Working with the French supermarket chain Carrefour, we supported around 350 smallholders in Sumatra to produce RSPO-certified sustainable palm oil. By using better management practices, they've increased productivity by at least 20 per cent while significantly reducing the use of agrochemicals. This means they have improved their livelihoods and produce more palm oil, without expanding into critical rainforest habitats.



## 90% REDUCTION IN SEABIRD DEATHS

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. Almost half of all whitefish from our priority species, such as hake and cod, is now MSC-certified.



## 2/3 BETTER

In the Mesoamerican Reef catchment area, we've helped train farmers in various sectors in better management practices. These are now in use across more than 240,000 hectares – over two-thirds of the total agricultural area. Pesticide toxicity has been reduced by 68 per cent, and fertilizer use, water use and soil erosion by around a third. This has helped to minimize negative impacts on the world's second largest barrier reef.



## ZERO BY 2020

The Consumer Goods Forum, representing 400 of the world's largest consumer goods companies, has committed to deforestation-free supply chains for the four largest drivers of tropical deforestation (beef, palm oil, pulp and paper, and soy) by 2020. We're working with many of these companies, and the financial institutions behind them, to put this commitment into practice.



### 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.

[panda.org/markets](http://panda.org/markets)

For further information contact: [mti@wwf.nl](mailto:mti@wwf.nl)