



Brussels, 23.7.2019
COM(2019) 352 final

ANNEX 1

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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Stepping up EU Action to Protect and Restore the World's Forests

{SWD(2019) 307 final}

ANNEX I

Actions to be implemented by the European Commission

Priority 1: Reduce the EU consumption footprint on land and encourage the consumption of products from deforestation-free supply chains in the EU
Promote transparent supply chains <ul style="list-style-type: none">- Establish a Platform for multi-stakeholder and Member State dialogue on deforestation, forest degradation and on sustainably increasing world's forest cover to provide a forum to foster exchanges with and among stakeholders in order to build alliances, push for and share commitments to significantly reduce deforestation, and share experiences and information.- Encourage the strengthening of standards and certification schemes that help to identify and promote deforestation-free commodities through, among other things, studies on their benefits and shortcomings and by developing guidance, including assessment based on certain criteria to demonstrate the credibility and solidity of different standards and schemes.- Assess additional demand side regulatory and non-regulatory measures to ensure a level playing field and a common understanding of deforestation-free supply chains, in order to increase supply chain transparency and minimise the risk of deforestation and forest degradation associated with commodity imports in the EU.- Carry out analytical work with relevant stakeholders to assess the need to require corporate boards to develop and disclose a sustainability strategy, including appropriate due diligence throughout the supply chain, and measurable sustainability targets.- Promote the integration of forest-relevant considerations into corporate social responsibility/responsible business conduct practices and foster the transparency, and uptake of voluntary commitments from the private sector, in line with international guidelines.- Implement the EU FLEGT Work Plan 2018-2022, in particular strengthen the implementation of the EU Timber Regulation.
Promote deforestation-free consumption <ul style="list-style-type: none">- Further integrate deforestation considerations within the EU Ecolabel, green public procurement and other initiatives in the context of the circular economy.- Actively support the development and dissemination of information and educational materials to help reduce demand for products whose supply-chains may involve deforestation, and at the same time increase the demand for products from deforestation-free supply chains.- In the context of the clean energy for All Europeans legal framework in place, address relevant aspects on renewable energy and biofuels, review all relevant aspects of the report accompanying Commission Delegated Regulation (EU) 2019/807 in 2021 and, if appropriate, revise Delegated Regulation (EU) 2019/807 in 2023 based on the latest available evidence.
Priority 2 – Work in partnership with producing countries to reduce pressures on forests and to ‘deforest-proof’ EU development cooperation
Support sustainable land and forest use practices and forest protection <ul style="list-style-type: none">- Ensure that EU support for agricultural, infrastructure, mining, urban, peri-urban, and rural policies in partner countries does not contribute to deforestation and forest degradation. When justified, EU support should be accompanied by compensation measures, such as support for restoration, reforestation and/or afforestation.- Help partner countries to implement sustainable forest-based value chains and promote sustainable bio-economies inspired by the example of the Commission Communication ‘A new Africa-Europe Alliance for Sustainable Investment and Jobs: Taking our partnership for investment and jobs to the next level’.- Develop and implement incentive mechanisms for smallholder farmers to maintain and enhance ecosystem services and products provided by sustainable forest management and agriculture.- Scale-up efforts to support the rights of indigenous peoples and local communities dependent on forests, as well as environmental rights defenders in accordance with Resolution 28/11 of the UN Human Rights Council.- Strengthen the policy and regulatory framework for promoting sustainable forest management and land-use planning, while integrating biodiversity and climate considerations.- Promote the restoration of forest landscapes, as well as reforestation projects that integrate ecological principles favourable to biodiversity, local population rights, and livelihoods through the provision of enhanced ecosystem services.- Continue to support forest conservation through the creation and effective management of protected forest areas, while exploring high conservation values and high carbon stocks.

- Scale-up actions on the sustainable production and use of wood fuels based on lessons learnt from the Global Climate Change Alliance (GCCA+) initiative, while continuing to promote other forms of sustainable renewable energy.

Support national efforts in partner countries to reduce pressure on forests

- Ensure that deforestation is included in political dialogues at country level, and help partner countries to develop and implement national frameworks on forests and sustainable forest management. These national frameworks will reflect domestic needs as well as global commitments. This can include helping partner countries to implement their National Determined Contributions to the Paris Agreement and/or the inclusion of forest-governance-related measures in budget-support and public-finance-management policy.
- Scale-up support for improved land and forest governance and law enforcement (EU Action Plan against Wildlife Trafficking, FLEGT Work Plan 2018-2022, the implementation of good governance relevant guidelines and codes of conduct, VGGTs, rights of indigenous peoples and local communities and others).

Priority 3: Strengthen international cooperation to halt deforestation and forest degradation and encourage forest restoration

Push for strong commitments

- Strengthen cooperation on policies and actions to halt deforestation, forest degradation and restore forests in key international fora, including the Food and Agriculture Organization (FAO), G7/G20, UN Framework Convention on Climate Change (UNFCCC), UN Forum on Forests (UNFF), Convention on Biological Diversity (CBD), United Nations Convention to Combat Desertification (UNCCD), UN Environment Assembly (UNEA), Organisation for Economic Co-operation and Development (OECD) and World Trade Organization (WTO), for instance by promoting best practices and a common understanding of sustainable supply chains, and advocating for the adoption and implementation of strong commitments and provisions.
- Address the sustainability of supply chains, including the issue of deforestation and forest degradation, in the context of relevant international commodity bodies (e.g. coffee, cocoa, timber).
- Within bilateral dialogues with major consumer and producer countries: (i) share experience and information on the respective policy and legal frameworks; and (ii) identify joint activities to inform policy developments based on an advanced understanding of the impacts of deforestation and forest degradation.

Address deforestation and forest degradation in the trade policy

- Promote trade agreements that include provisions on the conservation and sustainable management of forests and further encourage trade of agricultural and forest-based products not causing deforestation or forest degradation. The Commission will also explore possibilities to provide incentives to trade partners to address deforestation. It will engage with trading countries to step-up implementation and enforcement of relevant provisions in the EU trade agreements and will draw lessons from these experiences.
- Assess the impacts of trade agreements on deforestation in Sustainability Impact Assessments (SIAs) and other relevant assessments, based on solid impact assessment and evaluation methodologies.

Priority 4: Redirect finance in support of more sustainable land-use practices

Support producing countries to mobilise public and private financing and ensure its effectiveness

- Assess, together with the EU Member States, possible sustainable mechanisms to catalyse green finance for forests and how to further leverage and increase funding – including through blending mechanisms and building also on the experience of the EU External Investment Plan (EIP). The objective would be to support producer countries in the conservation of existing forest cover and regeneration of forests, and in creating positive incentives for investments in sustainable forest management and sustainable forest-based value chains. Support in particular partner countries in designing and implementing policies and instruments that can encourage better land and forest governance (such as fiscal policies, green accounting, green bonds, payments for ecosystem services schemes).
- Integrate considerations related to deforestation as part of the assessment of projects in sectors where these considerations are relevant parameters to assess the project's impacts.
- Consider guidance on — and improvement of — different measurement approaches used at EU and Member-State level to better understand the value of forests and the characteristics of forest-risk financing.

Step up consideration as part of the Sustainable Finance Action Plan

- Consider improving company reporting on the impacts that company activities have on deforestation and forest degradation in the context of any future revision of the Non-Financial Reporting Directive further to the conclusions of the Fitness Check on corporate reporting.

- Pay careful consideration to deforestation in the implementation of the Action Plan for Sustainable Finance, including in the creation of an EU taxonomy for economic activities.

Priority 5: Support the availability of, quality of, and access to information on forests and commodity supply chains. Support research and innovation.

Improve monitoring and provision of reliable information

- Build on the already existing monitoring tools, and establish an EU Observatory on deforestation, forest degradation, changes in the world's forest cover, and associated drivers. The objective of this is to facilitate access to information on supply chains for public entities, consumers and businesses.
- Explore the feasibility of developing a Copernicus REDD+ service component to strengthen the existing global or national forest-monitoring systems, as well as to establish long-term European capacity and leadership in this domain.
- Assist producer countries in tracking progress in the implementation of policy objectives, including: (i) the forest-related components of Nationally Determined Contributions; (ii) commitments related to deforestation and legal and sustainable commodity production; and (iii) related trade.
- Step up efforts to improve the availability, quality and harmonisation of reliable information on forest resources and land-use change to inform policy-making by a wide range of stakeholders, including in partner countries.
- Continue to support the development of global and regional information systems to monitor the effects of forest fires, which burn about 67 million hectares of forest worldwide each year.

Mobilise and better coordinate research and innovation

- Improve coordination of work among relevant research institutes, including through the north-south and south-south cooperation frameworks of the European Innovation Partnership. The aim will be to strengthen capacity and help put research results to good use in key consumer and producer countries, including by supporting regional observatories.
- Share innovative EU practices on the circular economy, sustainable bio-economy, renewable energy, smart agriculture and other relevant areas with other countries.