



**Paul Polman Opening Keynote Speech Global Landscapes Forum, COP20, Lima –
7 December 2014**

Ladies and Gentlemen,

It's a pleasure to be in Lima, to see this fantastic country playing such a leadership role on the global stage, on the most important issue of our generation.

It's also a privilege to be following Helen Clark, who has done so much to push the issue of deforestation up the global political agenda, and to speak alongside friends such as Yolanda of WWF, which plays such a constructive role on forests.

This is actually my first time at the Global Landscapes Forum, but it won't be my last.

The issues of forests and agriculture, and how we respond to and prevent climate change, are of critical importance, not just in the political negotiations but also to global business.

In fact, most CEOs now know their companies cannot prosper in a world of runaway climate change.

They understand the need to work with political leaders to address the challenge.

Above all, they recognise that the cost of inaction is rapidly becoming greater than the cost of action.

For those of us in the food sector, we also know that climate change cannot be tackled without a fundamental change in the way in which agriculture - the world's oldest and largest industry - is practised.

Commercial agriculture drove 71% of tropical deforestation in the first 12 years of this century, resulting in the loss of 130 million hectares of forest.

It contributes up to 15% of all emissions – more than the entire transport sector.

These are inconvenient facts. But there are others too.

The global population is set to grow to over 9 billion by 2050.

60% more food will be needed to sustain us.

Already, over 800 million people do not have enough food to eat.

Poor nutrition kills over 3 million children under five each year.

We have to produce more food. And we have to protect forests and support the communities that depend on them. We can't succeed in one challenge without succeeding in the other.

It can be done. And I see two clear routes to doing it.

One is improving smallholder farmer yields and incomes.

45% of Indonesian palm oil hectares are cultivated by smallholders. With the right support and partnerships, they could nearly double their yields.

The other is restoring degraded land. This is one of the conclusions of the landmark report of the Global Commission on the Economy and Climate.

It argues that if just 12 percent of the world's degraded lands were restored to production, we could feed another 200 million people, and boost smallholders' incomes by \$35-40 billion.

We could meet growing demand without any further deforestation through these two approaches.

Here in Latin America we find terrific leadership examples:

Brazil's efforts have made it a world leader in climate change mitigation, with deforestation rates down 70% since 2005 while increasing food production by half.

Mexico has pioneered payment for ecosystem services, reducing its rate of forest loss more than ten-fold since the 1990s.

El Salvador has made great progress with reforestation.

These successes can be replicated around the world.

And it matters enormously to Unilever that we do so. Natural disasters, many directly linked to the changing climate, cost us over 300 million dollars a year.

We see the volatility in input costs, water scarcity and reduced productivity in parts of our agricultural supply chain, all linked to climate change.

Left unchecked, climate change has the potential to become a significant barrier to our growth, and that of just about every other company.

That's why there is a strong business case for taking carbon out of our value chain – from the use of renewable energy to power our factories, to reducing food waste in the value chain.

And it's one reason why we've committed to source 100% of our agricultural raw materials sustainably by 2020.

For Unilever sustainable agricultural sourcing includes eliminating deforestation from our supply chains.

Our priority is to conserve:

- high conservation value forests;
- forests with high carbon stocks;
- tropical forests on peat soils;
- And, to ensure that the net quantity, quality and carbon density of forests is maintained when there are land-use changes in the wider landscape.

We are implementing our Responsible Sourcing Policy for all our suppliers, which requires Free, Prior and Informed Consent for developments involving indigenous people.

And we are putting a lot of effort into transparency and traceability.

By the end of this year, all palm oil sourced for our foods business in Europe will be traceable to certified plantations.

We are also working with the World Resources Institute to increase transparency in our supply chain, by enabling both us and our suppliers to use its Global Forest Watch platform.

But we need to work with others to secure transformation at scale.

This is happening.

In 2010 the 400 companies of the Consumer Goods Forum, with combined revenues of over \$3 trillion, pledged to eliminate deforestation from their supply chains and achieve zero net deforestation by 2020.

Many companies, Unilever included, have followed up with detailed, time-bound plans to deliver this.

As the signal from purchasers has strengthened, we have seen movement from growers and traders.

Major companies like Wilmar, GAR and Cargill have committed to no deforestation policies. These three palm oil traders alone control 60 per cent of the world trade. Their actions send an unequivocal signal to the rest of the market.

The financial sector has responded by pledging to support sustainable commodity production. Investors are starting to use their leverage.

But corporate commitments tell only one part of the story.

Just as important are the roles of government and civil society. To get to scale we need to align business action with public policy.

One example is the Tropical Forest Alliance, created with the governments of Norway, Netherlands, UK, US, Indonesia and Liberia and dozens of NGOs.

The goal of the TFA is to help business remove deforestation from its supply chains, whilst promoting economic and social development. It is setting up practical work programmes in Indonesia, Colombia and West Africa.

Another is the New York Declaration on Forests, launched at the Climate Summit.

Its pledge to halve deforestation by 2020, end it by 2030, and restore 350 million hectares of degraded forest. Endorsed by over 175 entities: countries, states, provinces, companies, indigenous leaders and NGOs, many of whom are here today.

Helen has talked about the specific commitments.

I would like to reflect on how government action can support private sector ambition.

While the private sector can disrupt markets, it is only with government policy that we can transform them and change the rules of the game for everyone.

I ask tropical forest countries to implement the land use reforms necessary to grow your economies without destroying forests.

These include:

- **clarifying concessions and ownership;**
- **improving transparency;**
- **protecting the customary land rights of forest communities and indigenous people;**
- **strengthening the enforcement of forest laws, and clamping down on illegal deforestation; and**
- **aligning all relevant policies – from financing to infrastructure.**

But it is not only about national level policy, and it is encouraging to see increasing cooperation between sub-national government and the private sector.

Such partnerships have the potential to deliver significant win-wins: guaranteed traceability for companies, and increased investment for the states involved.

This alignment of public and private incentives is one of the big wins within our grasp.

And what is truly exciting is that, just as we reach a tipping point in private sector commitment, we are starting to work productively with forest communities and indigenous people.

For too long, their rights and livelihoods have been a hidden and unaccounted-for cost of the expansion of commodity production that has benefited the rest of us.

Organisations like COICA in the Amazon Basin, and AMAN in Indonesia, have played a big role in changing this and I would like to pay tribute to their commitment and tenacity.

Developed countries have important roles too.

They can strengthen the signals sent by the private sector for deforestation-free commodities – particularly through their procurement and trade policies.

Some countries have made good progress, but we need more ambition and coherence.

We need an end to perverse incentives for damaging biofuels that drive forest destruction and threaten food security.

And we need the international community to prioritise REDD+ by embedding large-scale, predictable and sustainable results-based financing for forest protection in a new climate agreement.

We saw encouraging announcements in New York, where countries came forward with new agreements to pay countries for reduced deforestation.

As we look for ways to increase the ambition of the new climate agreement, I am hopeful that here in Lima we can go beyond what each country can do alone, and explore how much more is possible if we work together.

Crucially, we need to ensure the level of ambition is high across the board, and commensurate with the existing commitment to keeping warming to 2°C.

Deforestation is not just one of the great challenges in the fight against climate change, it is the most immediate and the most urgent.

We are not yet acting at either the speed or scale that the problem demands. But we can win this battle.

If we tackle deforestation in the right way, the benefits will be far-reaching - greater food security, improved livelihoods for millions of smallholders and indigenous people and, above all, a more stable climate.

Momentum is building. Partnerships are forming. Now is the moment to accelerate our progress, as we tackle this challenge together.