

Deforestation Policy - 2022

Policy of the Church of England National Investing Bodies of the Church of England

Policy Background

The National Investing Bodies recognise the critical role which forests as carbon sinks play in regulating global temperatures, ensuring climatic stability and their role in protecting biodiversity.

We recognise the importance of ending commodity-driven deforestation; not least to tackle climate change, reduce biodiversity loss and support food security. We see the effort to stop deforestation as part of a global transition towards sustainable production supply chains and associated investment and financing opportunities.

We recognise a responsibility to address deforestation through the management of our portfolio, investment policies, and our stewardship activities, both for ethical and fiduciary reasons. We expect businesses to demonstrate conscientiousness with regard to deforestation^[1] through an active commitment to prevent or mitigate the risk of deforestation.

Policy Rationale

Deforestation intersects with existing responsible investment policies and positions that the NIBs are committed to. It will be extremely difficult to deliver our commitments on Climate Change^[2] if deforestation continues unchecked.

Forests play an important role in climate change mitigation, absorbing one-third of the CO₂ released from burning fossil fuels every year. Tropical forest deforestation related to 'forest-risk' agricultural commodities (e.g., palm oil, soy, beef, pulp and paper, and timber) accounts for 8% of all CO₂ emissions. The IPCC 2021 report finds immediate, rapid and large-scale action is needed if emissions are to peak by 2025 and warming is to be limited to 1.5°C. Ending deforestation and investing in natural climate solutions could provide a third of the solution to meeting the Paris climate target while at the same time supporting the prevention and reversal of biodiversity loss^[3].

Policy Commitment

We expect and encourage companies in which we invest that are exposed to deforestation and conversion to have: a public deforestation policy with quantifiable, time-bound commitments that will contribute to ending deforestation; due diligence processes covering supply chains and meaningful disclosures of efforts to end deforestation. We call for stronger awareness on board level regarding deforestation risks. We will use the tools available to us and our implementation of this policy will include assessment of our portfolios for deforestation risks, and individual companies at risk of contributing to deforestation. We will prioritise those facing significant biodiversity related

^[1] Deforestation means commodity driven tropical deforestation

^[2] See Climate Change Policy of the National Investing Bodies of the Church of England (2015), and the NIBs' respective Net Zero commitments.

^[3] [How Nature Can Get Us 37 Percent of the Way to the Paris Climate Target](#)

controversies and we will use a range of stewardship activities to achieve our aims. Our public Stewardship reporting will include relevant information regarding the implementation of this policy.

We note this approach will be consistent with our respective stewardship strategies, capacities, priorities, and existing policies, notably our Climate Change Policy, Environment Statement, Supply Chains policy and Human Rights policy.