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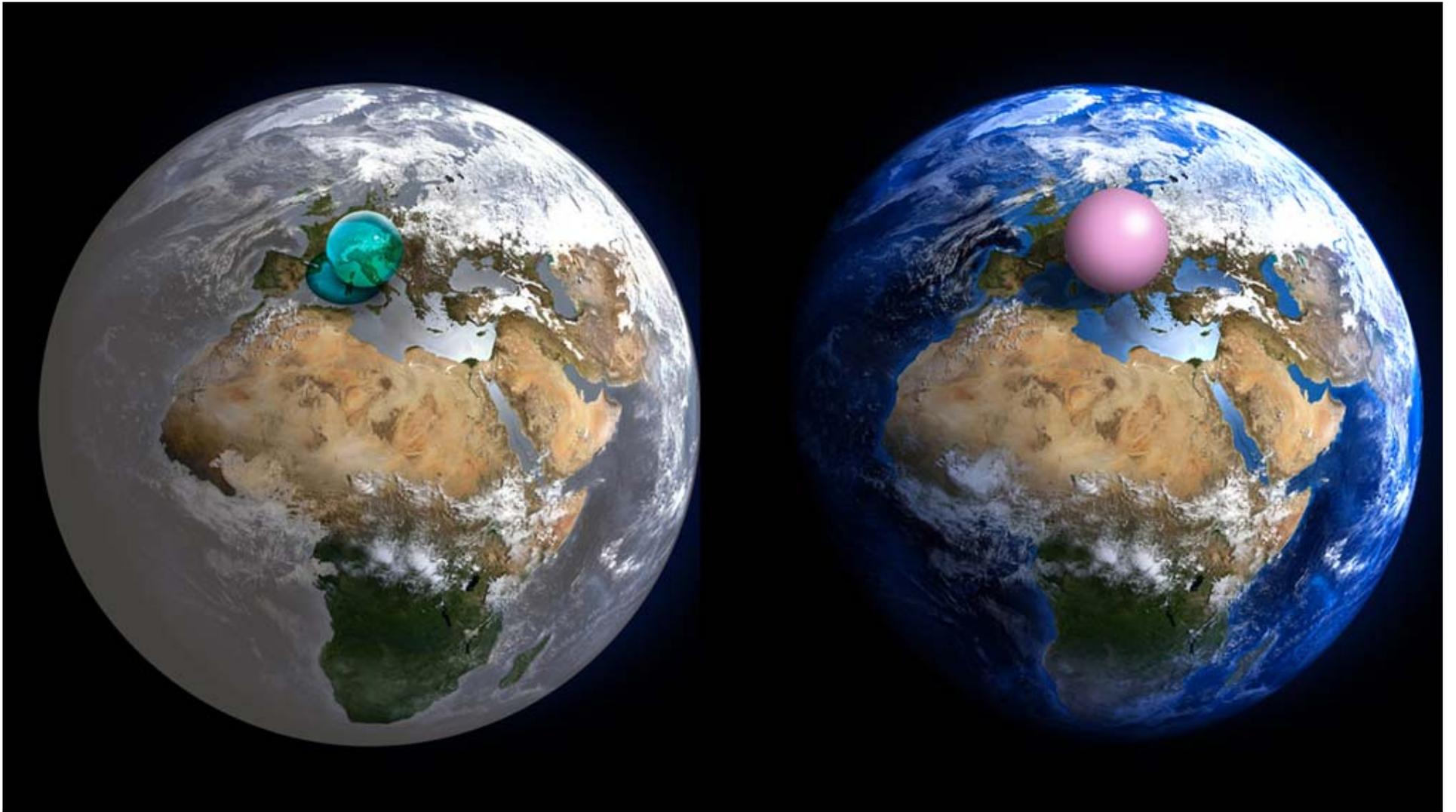
# *Sustainable Forest Initiative* Annual Conference

*Malcolm  
Preston*

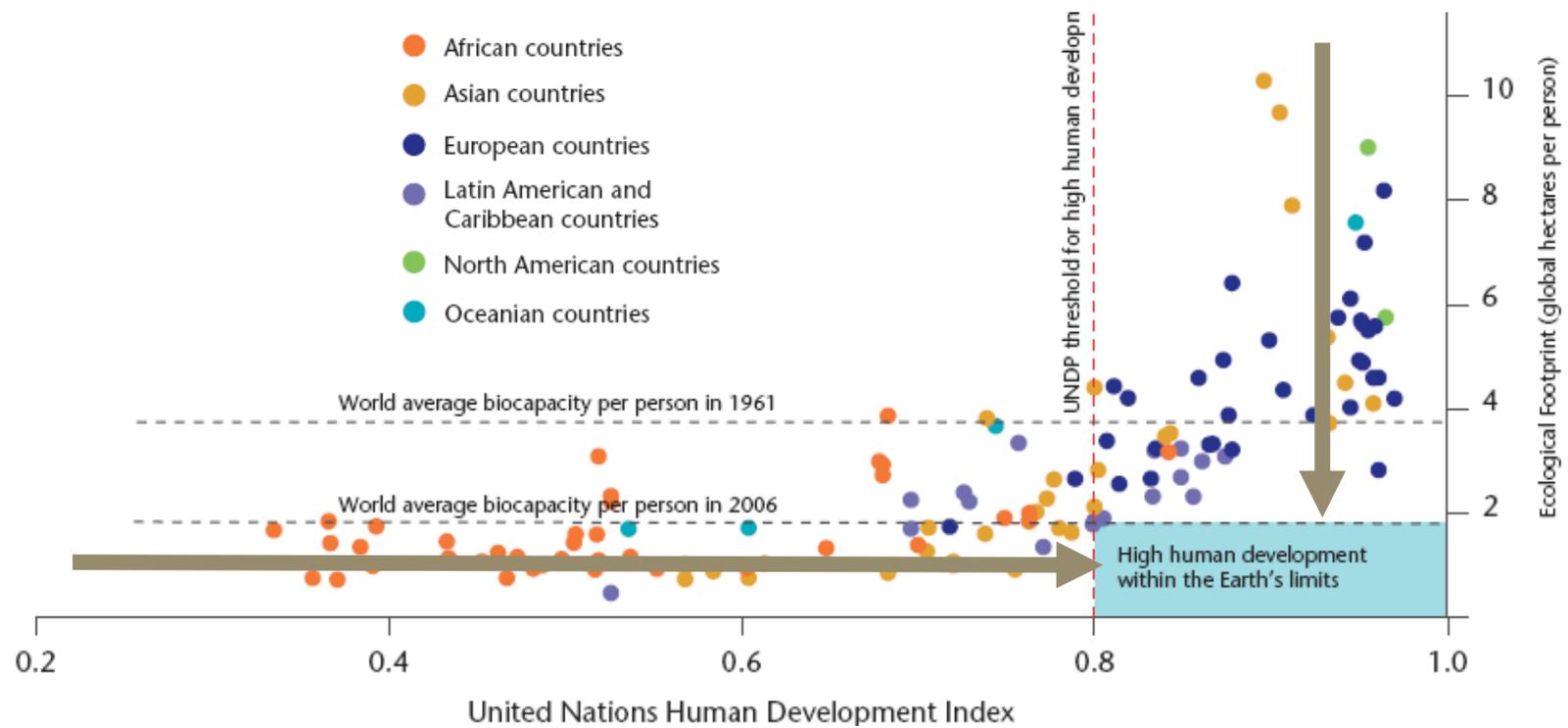
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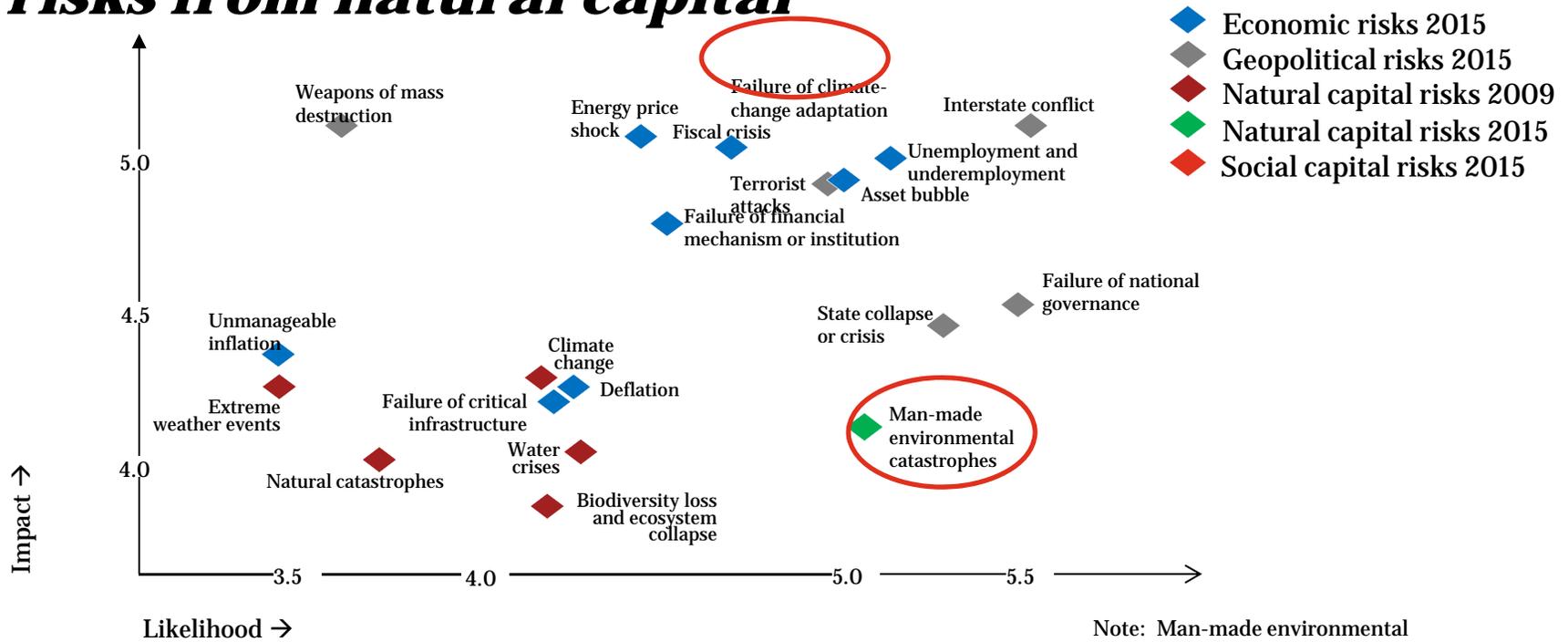
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# The big debate



# Global CEOs are increasingly concerned about the risks from natural capital



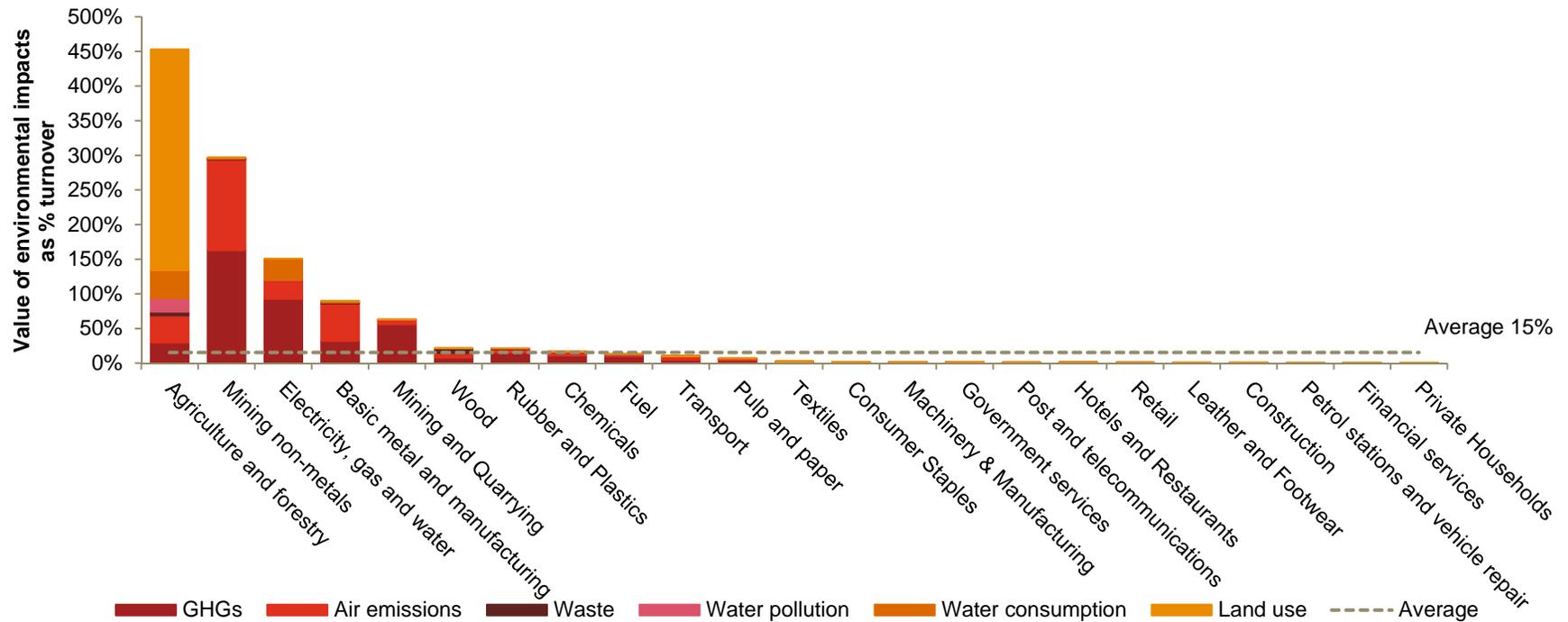
Note: Man-made environmental catastrophes was added in 2014

Source: World Economic Forum Global Risks Report (2009 – 2015)

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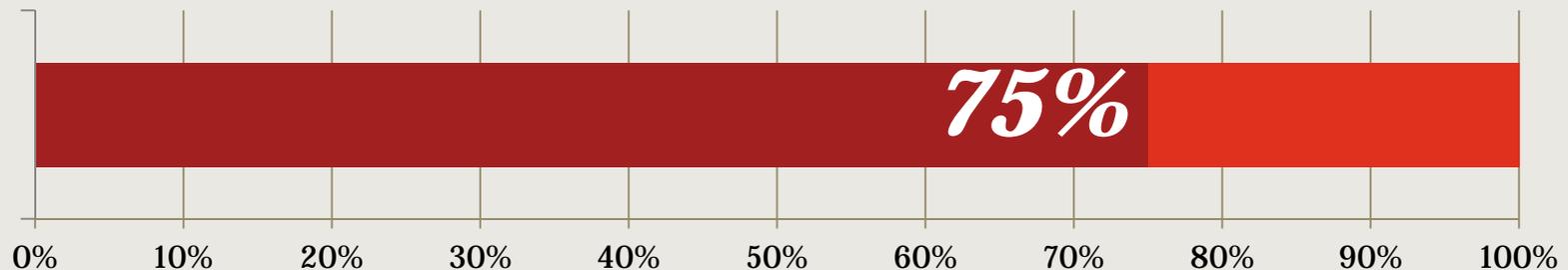
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# Agriculture and forestry – Top of the impact list



## ***CEOs believe business should do more than make a profit***

CEOs believe satisfying **societal needs** (beyond these of investors, customers and employees) and **protecting the interests of future generations**, is important.



Base: all respondents (1,344)

Source: PwC's 17<sup>th</sup> Annual CEO Survey

# *The public believe business should do more than make a profit, too*

## Leading the Debate for Change



The 2014 Edelman Trust Barometer shows the largest ever gap between trust in business and government since we began this study in 2001. This can be attributed to a continued destruction of trust in government that began in 2011, and a steady rise in belief in business since its nadir in 2008. In nearly half of the countries we surveyed, there is a gap of more than 20 points. In a few nations, the divide is as much as 40 points. This is a profound evolution in the landscape of trust from 2009 where business had to partner with government to regain trust, to today, where business must lead the debate for change.

Business may interpret this as the moment to push for deregulation, as it did a decade ago. That would be a monumental error in judgment. Our research indicates a reputation hangover for business from the Great Recession of 2008. Events of the past 12 months, including a record fine of \$13 billion for J.P. Morgan on the sale of troubled mortgage securities, the largest ever bankruptcy in Latin America with the failure of Eike Batista's EBX deep-water oil drilling firm and food scandals involving antibiotics in the poultry in China, have renewed concerns about business' ability to self-regulate.

The result is a continuing demand for government oversight: 84 percent of Chinese respondents believe there is too little regulation of its food industry, while by a five-to-one margin those in UK, Ireland and Spain want more regulation of financial services.

It has generally fallen to government leaders to establish the context for change to mold public sentiment, then through legislative or regulatory process create the rules of the game. Former U.S. President Teddy Roosevelt said a government leader had a "bully pulpit" or an unparalleled platform to educate (note: "bully" in his day meant wonderful or superb).

But today, government lacks the long-term thinking and popular support to keep up with innovation that is cross-border, complex and requiring fundamen-

Now it is business' turn to ascend the "bully pulpit" (or "soapbox" in UK parlance). Business has lost trust from the crisis period because it is seen to have made demonstrable strides in transparency, product quality and product quality. Our research shows there now is an opportunity for business to lead the debate for change, as 79 percent believe business should be involved in formulating regulation in such industries as energy and food, while a majority feels government cannot go it alone. Eighty-four percent of respondents believe that business can pursue its self-interest while doing good work for society. This is, in fact, the license to lead, beyond the legal construct of license to operate, toward a new role of initiating change.

*Eighty-four percent of respondents believe that business can pursue its self-interest while doing good work for society.*

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*Source: 2014 Edelman Trust Barometer, base of 27,000 responders in general population*

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## ***And governments are pretty busy, too***

The road to dignity by 2030: ending poverty, transforming all lives and protecting the planet.



**United Nations**  
Framework Convention on  
Climate Change

**December 2015 - Paris**  
UN Climate Change Conference  
**COP21 . CMP11**



**THE GLOBAL GOALS**  
For Sustainable Development

**September 2015**  
UN General Assembly

# 17 Sustainable Development Goals



## ***Sustainable Development Goal 15 ...***



### **Sustainable Development target 15.2**

By 2020, promote the implementation of **sustainable management of all types of forests, halt deforestation, restore degraded forests, and increase afforestation and reforestation** by x% globally

### **Sustainable Development target 15.b**

Mobilise significantly resources from all sources and at all levels to **finance sustainable forest management**, and provide adequate incentives to developing countries to advance sustainable forest management, including for conservation and reforestation

# The Bonn Challenge

150 million hectares of deforested and degraded land to be restored by 2020, possibly leading to \$84 billion in economic benefits annually and closing the greenhouse gas 'emissions gap' by one-fifth

The Bonn Challenge has led the way for new goals such as the **New York Declaration on Forests**, a non-legally binding political declaration to **cut natural forest loss in half by 2020, and strive to end it by 2030**

*Every minute of every day for the past 13 years, the world has lost an area of forest the size of 50 soccer fields. Much of it now has little economic or ecological value.*

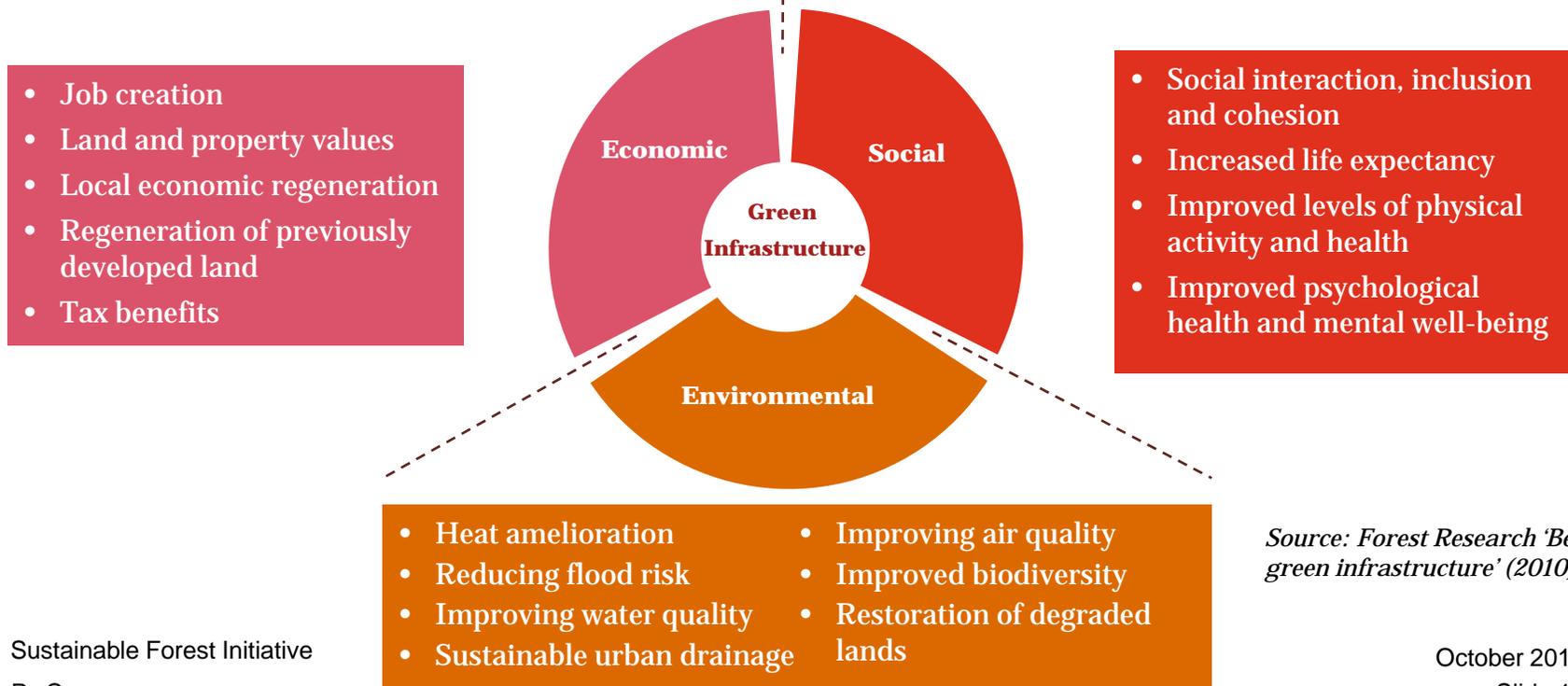
*Primary forest area decreased by 300 million hectares since 1990, or an area larger than Argentina. Current net loss is equivalent to about 200 square kilometres lost each day.*



**April 2015: 59.2 of 150 million hectares from 11 commitments**

# Green infrastructure

Forests have a large role to play in green infrastructure and provide multiple potential benefits



Source: Forest Research 'Benefits of green infrastructure' (2010)

# *Valuation of a mangrove forest in Malaysia*

Net present value of the sites



- Flood defence
- Fish Hatchery
- Carbon Sink
- Aquaculture

***\$670,000,000***

# ***New York's \$1 billion purchase of watersheds in the Catskill Mountains***



***Eliminating costs upwards of \$6 billion plus annual operating costs for a filtration plant***

**Source of New York City's Drinking Water**  
 New York City's surface water is supplied from a network of 19 reservoirs and three controlled lakes in a nearly 2,000 square-mile watershed, roughly the size of Delaware, that extends 125 miles north and west of New York City. The New York City Water Supply System (PWSID NY7003493) consists of three individual water supplies: the Catskill/Delaware supply, located in Delaware, Greene, Schoharie, Sullivan, and Ulster counties; the Croton supply, the city's original upstate supply, made up of 12 reservoir basins in Putnam, Westchester, and Dutchess counties; and a groundwater supply in southeastern Queens. In 2010, 100% of the city's drinking water came from the Catskill/Delaware supply. Due to the city's ongoing efforts to maintain the appropriate volume and high quality of water in the distribution system, there is some rotation in the water sources used by DEP.

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# ***Traceability of supply chains***

The Board of The Consumer Goods Forum pledged to mobilise resources within their respective businesses to help achieve zero net deforestation by 2020



*The Board aim to achieve this through individual company initiatives and working with key stakeholders.*

*Collaborations with stakeholders (including NGO's, development banks and governments) will create funding mechanisms and other schemes to incentivise/assist forested countries to conserve their natural assets whilst at the same time meeting their goals for economic development.*

*Key commodities for responsible sourcing include:*



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# ***The role of forestry in a changing world***

- Will you **take control** or be **controlled**?
- What **core competencies** could you better exploit?
- What new **innovation** will emerge?
- How can forestry companies and industries (e.g. forestry and agriculture) **work together** to reduce deforestation?
- How will **government** be engaged with forest policy commitments and investments?
- What should **partnerships** between the private and public sectors look like in the future?



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# ***Thank you***

## ***Malcolm Preston***

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***For more information, please visit:***

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# What is sustainability?

## Why is it relevant and what opportunities does it present?

### Private sector

**Companies today are facing growing sustainability pressure from many angles:**

- The need for transparency from stakeholders
- Consumer pressure
- Growing and changing risks to business models and supply chains
- Increased competition for efficiency and growth opportunities attained through access to new products and markets



Mutual  
collaboration  
and support

### Public sector

**Multi-lateral organisations, national and sub-national governments are dealing with sustainability issues on a variety of fronts:**

- International and national policy and regulation
- Economic analysis and planning
- Tax policy and administration
- International assistance and donor fund management
- Monitoring and evaluation of existing policies and programmes
- Public private partnerships