

Submission to UNFCCC Standing Committee on Finance Forum on “Finance for Nature-Based Solutions”

Introduction

Established by the Jeremy Collier Foundation, the FAIRR Initiative is a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities brought about by intensive livestock production. We work with investors managing over \$30 trillion in assets to use their influence to build a sustainable global food system.

FAIRR’s research covers topics such as the climate, biodiversity and pandemic risks in animal agriculture. Declining biodiversity caused by climate change and overexploitation of natural resources is an increasing concern for investors¹. The FAIRR Initiative also facilitates collaborative investor engagements with companies on key issues linked to intensive animal production.

As an example, the **Statement of Support for the Cerrado Manifesto** is currently endorsed by approximately 160 global FMCG companies and institutional investors. FAIRR and its partners are working to build investor support to drive discussions between producers, retailers, consumer organisations and civil society to build practical solutions to eradicate deforestation in Brazil’s Cerrado biome.

Scope of the Forum & Themes to Consider

The Forum may wish to consider topics such as:

1. **Climate finance and investment in NBS and biodiversity**

Maintaining biodiversity is important for our survival and the future of our planet, therefore biodiversity caused by climate change and overexploitation is an increasing concern for investors. Agricultural biodiversity includes plants, animals, and microorganisms, and the enormous diversity of genes within these species; organisms that are necessary for key farming methods, such as pest and disease regulation, pollination and nutrient cycling. The Forum may wish to consider how climate finance may be used strategically to promote investment in nature-based solutions in collaboration with the private sector to scale up action to protect nature loss.

¹ <https://www.fairr.org/article/agricultural-biodiversity/>

2. Drivers and barriers to financing nature-based solutions, including agricultural subsidies

At present, there are various barriers to investing in nature-based solutions that will protect biodiversity. These barriers can include a lack of incentives, a shortage of available land, and potentially harmful agricultural subsidies. For example, the Paulson Institute's report on 'Financing Nature' recently found that in 2019, governments spent around 450 billion USD on agricultural subsidies that are potentially harmful to biodiversity and that this outweighs positive spending on biodiversity conservation by at least a factor of 4². The Forum may wish to consider the barriers to investing in nature-based solutions as a topic for discussion.

3. Just transition

The Collier FAIRR Climate Risk Tool analyses the upside/downside capture of 40 of the world's largest animal protein companies in a 2°C warming scenario. Research by the FAIRR Initiative shows that only 2 (5%) of the 43 leading meat companies have undertaken climate scenario analysis (compared to 23% of companies in the oil, gas and utility sectors)³. This shows that farmers and workers in the agriculture sector may be exposed to changes in the sector unless there are investments to support a managed transition towards a low-carbon food system that supports climate and nature. The Forum may wish to consider the topic of a just transition for workers to a sustainable food system.

How FAIRR's Research Could Inform the Forum:

- **The Collier FAIRR Protein Producer Index** is the world's only comprehensive assessment of the largest animal protein producers on critical environmental, social and governance (ESG) issues.⁴ Despite pressure on meat giants to address this issue, there is a lack of progress in halting deforestation amidst the growing demand for soy and beef. According to FAIRR's assessment, on deforestation and biodiversity:
 - Of the 50 land-based companies evaluated, 41 (82%) rank as 'High Risk' for Deforestation and Biodiversity.
 - The best-performing region is Oceania, with an average score of 36%.
- **Appetite for Disruption**⁵. According to the Food and Agricultural Organization (FAO), the sector is the largest user of freshwater resources, and grazing and feed production account for 80% of all agricultural land. However, compared to conventional beef, cell-based beef is estimated to reduce land use by more than 95%, climate change emissions by 74% to 87%, and nutrient pollution by 94%⁶.

² https://www.paulsoninstitute.org/wp-content/uploads/2020/10/FINANCING-NATURE_Full-Report_Final-with-endorsements_101420.pdf

³ <https://www.fairr.org/research/climate-risk/>

⁴ <https://www.fairr.org/index/>

⁵ https://cdn.fairr.org/2019/07/12135619/FAIRR_appetite_for_disruption_FULL_web.pdf

⁶ https://cdn.fairr.org/2019/07/12135619/FAIRR_appetite_for_disruption_FULL_web.pdf