

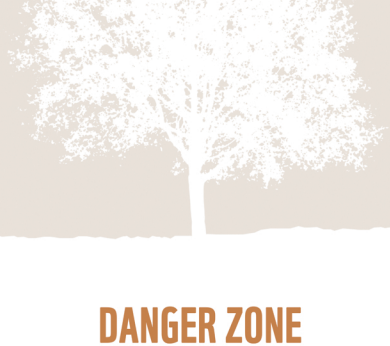


(LAW 12.651/2012)

THE NEW FOREST CODE

- Despite the amnesties and permissions for legal levels of deforestation, Brazil's Forest Code is one of the most environmentally progressive laws in the world in terms of conservation in private properties and native vegetation protection.
- First signed as a law in 1934, conformity with the Forest Code has always been low, and has suffered several alterations since it was signed.
- The new law, signed in 2012, brings a new point, the Rural Environmental Registry (CAR), which is an Environmental Regularization Programme (PRA).
- The CAR is a wide-ranging system used for environmental and territorial management in which rural landowners should register their lands. This will allow municipal, state and federal governments to regulate and monitor conformity with the law, and deforestation.
- The PRA has the potential to favor, not only the maintenance of vital ecosystem services to the productive sector – water production, pollination, soil stabilization, maintaining natural predators for pests – as well as help with the recovery of what has been illegally deforested over that last decades, converting sanction and fines into preservation, improvement and recovery services for the quality of the environment.

Challenge: bring the private and public sectors together to support production within legal parameters, associating conservation and zero convergence of native vegetation into productive good practices for Brazilian farming commodities, such as soy, beef, sugarcane, paper and cellulose.

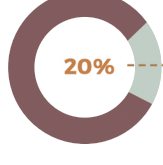


DANGER ZONE

About 88 million hectares could be deforested legally (an area equivalent to the sum of the states of Rio de Janeiro, São Paulo, Paraná, Santa Catarina and Rio Grande do Sul).



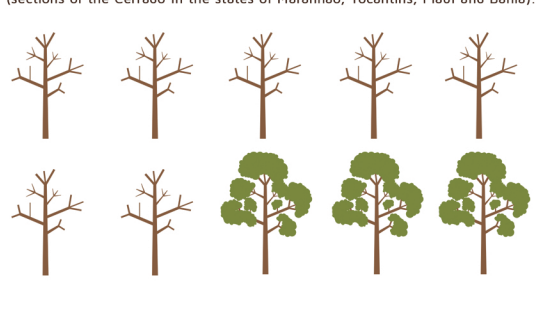
This permission has great impact on the biomes that have less protection in the Forest Code, specially the Cerrado, which only has 20% protection within its rural properties.



There has been a

75%

% increase in deforestation in the Amazon during the period between 2012 and 2016.



Besides, there has been severe destruction of habitats in the region of Matopiba (sections of the Cerrado in the states of Maranhão, Tocantins, Piauí and Bahia).



Recent studies indicate that, if the conversion of the Cerrado carries on in this rhythm, by 2050, this will mean:

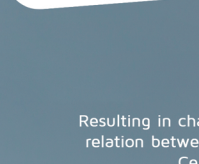
THE DESTRUCTION OF
31-34%
OF WHAT IS LEFT OF THE BIOME



THE EXTINCTION OF APPROXIMATELY

480

SPECIES OF PLANT
(A NUMBER 3 TIMES HIGHER THAN THAT OF ALL EXTINCTIONS SCIENTIFICALLY RECORDED SINCE 1500)



THE EMISSION OF

8.5Pg CO² eq

WHICH REPRESENTS 2.5 TIMES THE TOTAL EMISSION NEUTRALIZED BY THE AMAZON BETWEEN 2005 AND 2013

Resulting in changes to the interdependence relation between species that make up the Cerrado ecosystem.



The excessive permissiveness towards legal deforestation in the Forest Code has a strong contrast with the growing international demands for Zero Deforestation. There is great international mobilization in favor of conservation of what is left of the world's native vegetation, at a time when we are facing climate change, the dramatic scenario concerning the extinction of species and the collapse of ecosystems and environmental services.



MAKING IT COUNT



Implementing the Forest Code with quality allows for several environmental benefits, among which are the connections between remaining native vegetation, restoration and protection of new areas through the compensation in priority areas, advances in management mechanisms, etc.



State governments have a central role on the implementation of the Forest Code. It is their responsibility to register, as well as, standardize and implement the Environmental Regularization Programmes (PRA).



Banks need to adjust to the law, which enforces producers who are not registered in the Rural Environmental Registry (CAR) to be prohibited from obtaining credit – as of the end of the registration period. Brazilian banks should adhere to the commitments towards Zero Deforestation, which international banks have been promoting, specially through the Bank Environment Initiative – BEI).

BUT THERE ARE SOLUTIONS

- Recent studies estimate that, with the raise in productivity and recovery of degraded lands, Brazil could reach all of its production goals for commodities without the need to deforest a single hectare, at least until 2040.
- Countries and large international corporations have been progressively signing commitments to Zero Deforestation, such as: The New York Declaration on Forest, The Consumer Goods Forum Commitment, Bank Environment Initiative and several others.
- Sustainable Development Goals of zero deforestation is a global agenda, and the international agreements signed by the Brazilian government require us to take concrete actions, such as the Paris Agreement (and the Nationally Determined Contribution - NDC of Brazil), Aichi Biodiversity Targets and Development Objectives Sustainable.
- Multisector tools used to trail deforestation in supply chains are in the process of being developed and improved. Such as: Moratorium on soy in the Amazon, Mapbiomes, Global Forest Watch, Transparency for Sustainable Economics – Trase, Roundtable on Sustainable Soy – RTRS.
- WWF-Brazil advocates for the adoption of the Priority Compensation concept, which involves channeling the compensation flow of the PRA towards the areas with greatest social environmental relevance – ensuring their protection, and preventing them from being legally deforested.



80%

of producers are estimated to have some sort of environmental liability and the regularization will lead to opportunities for restoration and compensation.



Brazil already has official maps of Priority Areas for Conservation and Sustainable Use, which greatly favors the Priority Compensation Process



It is estimated that the total liability for legal reservations represents 78% of total deficits, or 16.4 million hectares. All of this has a great potential to bring conservation benefits to society.



As for the permanent preservation areas liability (APP), it corresponds to 4.6 million hectares, which gives us an idea of the scale of the regularization challenge faced by the country.

