

Schneider Electric's Position on Protecting and Restoring Natural Forests

Position Paper

December 2024

Background

Forests cover 31% of the land area on our planet and they are home to more than 75% of the world's plant and animal species. Over 1 billion people around the world rely on forests for shelter, livelihoods, water, fuel, and food. They help people thrive and survive by purifying and recharging groundwater, anchor fertile soil, and act as flood barrier. They improve the oxygen content in the air, and sequester carbon dioxide. Forests help mitigate climate change by soaking up carbon dioxide that would otherwise be free in the atmosphere¹.

The degradation and loss of forests is destabilizing natural systems on a scale unseen in human history. We have already lost nearly half of the trees that existed before the onset of agriculture, and despite countless efforts, this loss continues to grow every year².

In November 2023, over 200 scientists led by Crowther Lab published a new paper that reaffirms the importance of natural, biodiverse forests in combating climate change. It demonstrates the significant carbon drawdown potential of conserving and restoring natural forests, along with the benefits it creates for local communities, indigenous people, and biodiversity. Importantly, the science highlights that natural forests are no substitute for cutting greenhouse gas emissions or phasing out fossil fuels. To work towards an equitable future, we must cut our emissions and invest in nature³.

In addition to our own actions, we believe that collaboration between different actors along the value chain is crucial to protect our forests.

Through this paper, we are sharing Schneider Electric's Position on Protecting and Restoring Natural Forests and the EU Deforestation regulation (EU DFR 2023/1115) as well as an overview of our actions, to contribute to the ongoing policy conversations. Our approach is based on the UN Sustainable Development Goals (UN SDGs) notably #15 Life on land, the UN Convention on Biological Diversity (UN CBD) 2022 Global Biodiversity Framework to live in harmony with Nature by 2050, and the Accountability Framework's definitions⁴.

Our Policy Position

Since 2021, we have embraced the challenge related to tackling deforestation by setting our first commitment⁵ on deforestation-free hard wood. We have also been engaging with Business for Nature⁶ to advocate for raising the bar and policy ambition, so that we all take to heart our responsibility to reverse biodiversity loss. We have done this by asking policy makers to support a level playing field for all businesses so that we are all playing by the same rules and have the clarity needed to implement new regulations that advance the goals of protecting and restoring forests.

We believe that the EU Deforestation Regulation is a crucial step towards requiring businesses to better trace and monitor their supply chains, so that deforestation and land conversion in value chains are stopped and mitigated with a risk-based approach. Its adoption has been a great achievement for the EU Green Deal.

¹ WWF reports - 2019: <https://www.worldwildlife.org/threats/deforestation-and-forest-degradation>

² <https://www.1t.org/>

³ <https://www.nature.com/articles/s41586-023-06723-z>

⁴ <https://accountability-framework.org/>

⁵ [Schneider Electric Biodiversity pledge](#)

⁶ <https://www.businessfornature.org/call-to-action>

At Schneider Electric, we believe swift implementation of the EUDR is crucial and would like to put forward the following recommendations for consideration:

1. Maintain the ambition of EUDR and facilitate implementation by building and expanding on existing tools and frameworks.

In order to accelerate and facilitate the implementation of EUDR, we recommend the EU Institutions to build and expand on the pragmatic and impactful solutions, such as due diligence tools, that exist today, while continuing to move beyond and improve. For example, tools looking at different tree cover loss data bases exist and have been used by businesses to map their risk and monitor the potential impact in their value chains (Global Forest Watch⁷, Preferred by Nature⁸). While certification schemes are not perfect, they are well aligned with the Due Diligence principles promoted by OECD⁹ and allow businesses to foster their due diligence approach and invest. They also support importers, suppliers, smallholders as a starting point to prepare their readiness regarding the EU requirements on cutoff date and land geographical localisation. We thus recommend to maintain the ambition, focus on outcomes and facilitate implementation by building and expanding on existing tools and frames. We stand ready to support this process.

2. Support the EUDR risk-based approach.

The introduction of “no-risk” countries could have significantly lowered the ambition and purpose of the risk-based approach of EUDR, opening the door to companies being exempt from critical checks. We welcome policy makers going back to the original risk-based approach and maintaining the initial ambition, so that all businesses can play their role in protecting and restoring forests.

We are encouraged by the ambition of Europe to level the playing field on avoiding deforestation, and make clear the responsibility for everyone to play a role, and we stand ready to support the swift implementation of the rules and continue to protect and restore natural forests. **We congratulate policy makers for following through on the initial ambition.**

Our Approach

We aim to focus our efforts in protecting and restoring forests and other related sustainability areas (e.g. climate action, human rights) in our value chain on:

- Acting on primary and secondary packaging: Using recycled cardboard and no single-use plastic. Cardboard is considered as recycled when it includes at least 70% recycled fiber by weight, if legally accepted (according to FTD 00976);
- For not recycled content, ensuring sustainable sourcing of materials derived from specific commodities that typically have a high risk of being linked to deforestation, such as the products listed under the EU Deforestation Regulation Annex 1 (EUDFR 2023/1115), mainly focusing on rubber and wood based products;
- Applying the absolute international cut-off date for deforestation of December 31, 2020, unless a national law (e.g., Brazil Forest Code) or sector agreement (e.g., Amazon Soy Moratorium) require an earlier date;
- Implementing a supply chain due diligence approach for specific commoditized materials, assessing country’s risk level, and leveraging recognized sustainability certifications across our value chain, as well as using other recognized due

⁷ <https://www.globalforestwatch.org/>

⁸ <https://sourcinghub.preferredbynature.org/about%20the%20Sourcing%20Hub>

⁹ <https://mnequidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm>

diligence systems and/or documented EU Due Diligence statements, where applicable;

- Disclosing, where relevant, and report¹⁰ our progress accordingly.

We aim to promote protection and/or restoration activities in our other programs looking at nature-based solutions.

Our Actions

We are acting both within our value chains and via our corporate citizenship program. By taking concrete actions within and across our value chains, disclosing our progress and encouraging others to do the same, we seek to contribute to protecting and restoring natural forests.

Looking at our value chain, we aim to only source materials that are not linked to deforestation or land based natural ecosystem degradation¹¹. Commoditized products derived from palm oil, wood or rubber must be grown sustainably, and should not contribute to forests or land based natural ecosystems' degradation.

Looking further at our initiatives beyond our value chain, that are developed through our Carbon removal strategy, our Biodiversity programs and/or our Corporate citizenship programs, we promote actions that protect and/or restore natural forests. Schneider Electric has been working and cooperating with NGOs and partners.

For example, since 2011, Schneider Electric has invested in Livelihood Funds¹², an organization which supports rural communities restore the natural ecosystem in Senegal, Indonesia, and France. Since 2022, Schneider Electric has also been working with the RISE foundation¹³ to create awareness of natural forests' cultural and livelihood services, therefore highlighting the importance of forest ecosystems and their importance to improve and increase their preservation. The first episode of the series, "In the heart of Nepal's sacred forests"¹⁴, is highlighting Nepal's exceptional transformation through community-led reforestation. This resonates with Schneider Electric Deforestation Free commitments of wood by 2030, and Position on Protecting and Restoring Natural Forests.

¹⁰ <https://www.se.com/ww/en/about-us/sustainability/sustainability-reports/>

¹¹ https://accountability-framework.org/fileadmin/uploads/afi/Documents/Definitions_doc/Definitions-2020-5.pdf

¹² <https://livelihoods.eu/lcf/>

¹³ <https://riseourworldheritage.org/>

¹⁴ <https://riseourworldheritage.org/index.php/documentary-forests/>