

Annual Report FY 2017

Making Markets Work for People and Nature, Phase II

A Partnership Framework Agreement
with Världsnaturfonden WWF

July 2016–June 2017

Annual Report FY 2017

Table of Contents

INTRODUCTION	3
SUMMARY OF PHASE II RESULTS	8
OUTCOMES AND IMPACTS ACHIEVED	13
1. Strategy 1: Sustainable production at scale	13
1.1 Workstream 1: Engaging producers in better production	14
1.1.1 Campaigns	20
1.1.2 Improved livelihoods and gender equity	21
1.2. Workstream 2: Maintaining and strengthening standards to deliver sustainability	22
1.2.1 Benchmarking standards	23
1.2.2 WWF involvement in standards	24
1.2.3 Making standards more smallholder friendly and improving livelihoods	26
1.2.4 Improving the social requirements of standards	29
1.2.5 Measuring results of standards	31
1.2.6 Standard impacts assessments	32
1.2.7 Outcome assessments and business case for standards	34
1.2.8 WWF and ISEAL partnership to improve standards	34
2. Strategy 2: Tipping market conditions towards sustainability	35
2.1 Workstream 1: Engaging companies to make responsible purchases	35
2.2 Workstream 2: Facilitating public policy for responsible production and trade	38
2.3 Workstream 3: Incentivizing better investments and lending practices in financial institutions	39
2.3.1 Sustainable lending	40
2.3.2 Sustainable investing	42
STRENGTHS, CHALLENGES, ADAPTIVE MANAGEMENT AND LESSONS LEARNED	44
CONCLUSION	47
ANNEX I GLOSSARY OF ACRONYMS AND ABBREVIATIONS	49
ANNEX II WWF PRIORITY DEVELOPING COUNTRY LIST	50
ANNEX III ENGAGING PRODUCERS IN BETTER PRODUCTION	50
ANNEX IV WWF CERTIFICATION ASSESSMENT TOOL (CAT)	63
ANNEX V IMPACT STUDIES	64
ANNEX VI STANDARD IMPACT ASSESSMENTS	65
ANNEX VII ENGAGING COMPANIES TO MAKE RESPONSIBLE PURCHASE	67
ANNEX VIII FACILITATING PUBLIC POLICY FOR RESPONSIBLE PRODUCTION AND TRADE	72
ANNEX IX STRENGTHS, CHALLENGES, ADAPTIVE MANAGEMENT & LESSONS LEARNED	78
ANNEX X RBM SNAPSHOT	88
ANNEX XI RBM	89
ANNEX XII WORK PLAN FY 18	90

INTRODUCTION

Humanity's use of the Earth's resources is putting the planet under increasing pressure, and threatening our very future. According to WWF's Living Planet Report, a biennial science-based analysis of the state of our planet, it would take 1.6 planets to generate the resources we currently use. This has led to drastic declines in the health of the natural ecosystems we depend on, damaging our planet's regenerative capacity and putting the poorest – who are most dependent on natural resources for their livelihoods – most at risk. This trend is led by growing demand for food, fibres and fuel of an expanding and on average increasingly well-off human population.

At WWF, we have set ourselves the ambitious goal to 'bend these curves' by 2030 and to help pave the path towards living within the boundaries of the one planet we have. This is what we measure our global strategies against. This is what we understand as humans living in harmony with nature, as stated in our mission.

To meet the consumption demands of 9–10 billion people by 2050 without breaking the planet is the defining challenge of our era. One of WWF's strategies to address this is through its market transformation work. The WWF-Sida partnership for market transformation supports this strategic approach and strengthens significantly WWF's efforts towards halting the alarming trends described by the Living Planet Report.

The WWF-Sida partnership for market transformation in the 'new WWF'

Until July 2016 WWF's Market Transformation Initiative (MTI) led this strategy, focusing on market-based mechanisms to reduce the footprint of forestry, fishing, aquaculture and agricultural commodities on places important for conservation.

A global strategic reorganization within WWF terminated all global initiatives, including the MTI. During the period covered by this report, we have seen the emergence of the new WWF structure.

At the highest level, WWF is now organized according to nine global practices (see Figure 1). The Markets practice builds on the Market Transformation Initiative and is the new institutional home of this programme. However, the reach and contribution of this programme extends into almost all practices. Within the practices, work is structured in areas of collective action. It is through these areas of collective action that the work funded by Sida links to and contributes to the goals of the other practices.

Thematically, we have seen an increase in focus

on smallholders, communities and improved livelihoods, and a renewed geographic focus towards emerging and developing countries. There is also a strong cross-practice interest in further developing what is commonly referred to as the 'landscape approach' – how to achieve sustainable solutions to a defined environmental problem in a specific geographic area. Landscape approaches draw on all the tools, approaches and technologies



Figure 1: WWF Global Practices

available and innovations possible today, and involve all (relevant) stakeholders, including government(s); businesses large and small, local and global; financiers and investors; local communities; and civil society organizations. In essence the landscape approach is a further development of the priority place focus seen in Phase 1 of the Sida-MTI partnership and has been a focus during FY17. Overall, the strategic refocus of the WWF global network is well aligned with this programme and highlights the strategic importance of the work it funds.

Market transformation Theory of Change – recap

The WWF market transformation strategy uses market forces – supply and demand pressures as well as enabling conditions – to tip the global supply chains of five key commodities towards sustainability (see Figure 2). These five commodities are a subset of 13 globally traded commodities originally identified based on the significant negative impacts their conventional production has in priority regions for conservation and on the global environment. To drive both sustainable supply and demand, and create enabling conditions, WWF has defined two key strategies and five workstreams to direct action at international and national levels. The work of each commodity team and corporate engagement staff in WWF country offices continues to be guided by these strategies and workstreams.

The programme is organized around two, mutually reinforcing intermediate outcomes:

- An increase in environmentally, socially, and economically sustainable production (sustainable production at scale)
- Sufficient demand and strong enough enabling conditions to make sustainable commodity trade viable and allow it to become the new normal way of production, trade and consumption (tipping market conditions towards sustainability)

When sustainably produced commodities achieve a market share of 25 per cent, we believe they reach a breakthrough point. Efforts to catalyse a transition towards sustainability achieve sufficient momentum to move more sustainable production from a niche market to the mainstream.

Strategy 1: Sustainable production at scale

Workstreams:

1. Engaging producers in better production
2. Maintaining and strengthening voluntary standards systems to deliver social, environmental and economic sustainability

Strategy 2: Tipping market conditions towards sustainability

Workstreams:

1. Engaging companies to make responsible purchases
2. Facilitating public policy for responsible production and trade
3. Incentivizing better investment and lending practices in financial institutions

The primary interventions of the WWF–Sida market transformation programme are designed to create an enabling environment towards these ends, including:

- Engaging producers and buyers to use voluntary schemes, and support them to produce and source in line with the standards and better practice they comprise;
- Strengthening the standards systems to ensure that they are having an impact and are accessible to small producers;
- Ensuring public policy, in both production and import countries, facilitates sustainable trade and production; and

- Engaging the financial sector that helps underwrite both trade and production for buyers and producers, shifting its policies and actions in the direction of sustainability.

A strength of the global standards WWF promotes is that they are designed as multi-stakeholder initiatives. These standards engage all affected stakeholders during their definition, implementation and continuous improvement phases, giving all stakeholders a voice and a platform.

The value chains of the MTI target companies affect and support the livelihoods of tens of millions of farmers, foresters and fishers. Better production practices promoted in line with voluntary production standards will result in livelihood benefits to producers. These include improvements in market access and profitability; productivity and quality of production; organization, in particular for smallholders; legal compliance and licence to operate; and land use and labour rights. Most importantly, producers in developing countries benefit from the long-term viability of the natural resource base they rely on – from livelihoods (e.g. continued availability of water for crops) to lives (e.g. availability of water for drinking).

While demonstrating impacts of a complex multi-driver strategy is difficult and time- and resource-intensive, a few studies have been able to do so. The Center for International Forestry Research (CIFOR) compared nine FSC-certified and nine non-certified forestry concessions in the Congo Basin countries of Cameroon, Gabon and Republic of Congo, finding that certified concessions had better labour conditions and brought more social benefits to communities¹. *The SDGs mean business* report² gives an illustrative overview of impacts from credible sustainability standards and contribution towards achieving the 2030 agenda.

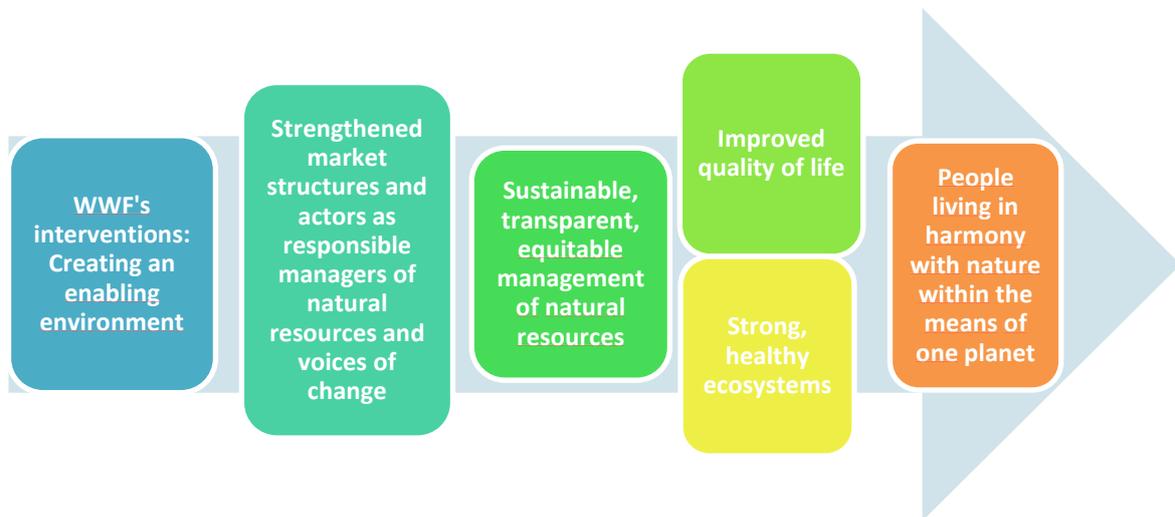


Figure 2: Market Transformation Theory of Change

¹ <https://www.worldwildlife.org/publications/social-impacts-of-the-forest-stewardship-council-certification-an-assessment-in-the-congo-basin>

² <http://www.standardsimpacts.org/resources-reports/wwfiseal-report-sdgs-mean-business-how-credible-standards-can-help-companies>

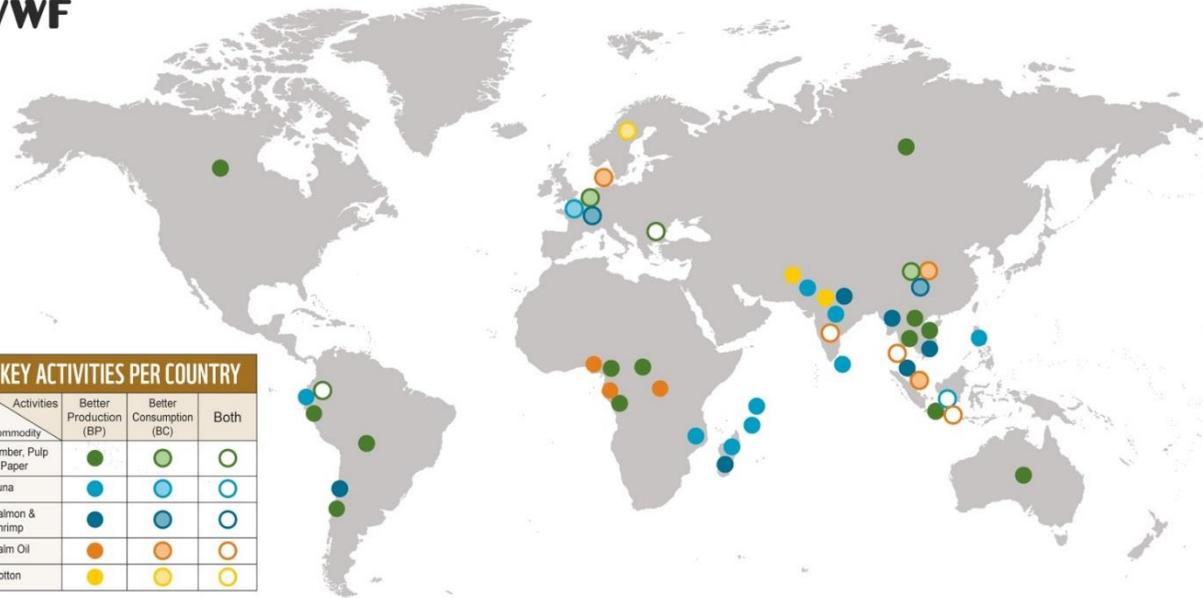
About this report

We have adapted the report slightly from previous years in that we have moved most of the figures showing growth in standard uptake and volumes of certified products and commodities into the annex. This allows for more room to highlight qualitative and illustrative changes, results and impacts. The growth in certification and illustrative project-specific examples of change, need to be understood in light of the Theory of Change that underpins WWF's market transformation strategy.

The results detailed in this report indicate the progress made on each of the five workstreams and specifically for the five focal commodities in the Sida partnership. The text is structured in accordance to the five workstreams.



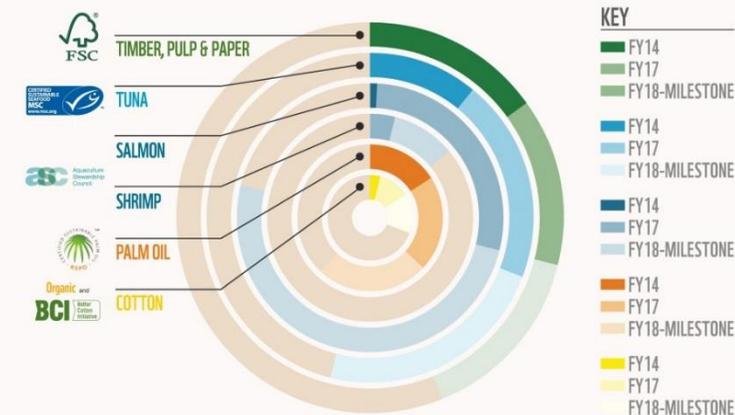
MARKET TRANSFORMATION FY2017



KEY ACTIVITIES PER COUNTRY			
Activities	Better Production (BP)	Better Consumption (BC)	Both
Commodity			
Timber, Pulp & Paper	●	●	○
Tuna	●	●	○
Salmon & Shrimp	●	●	○
Palm Oil	●	●	○
Cotton	●	●	○

CERTIFIED PRODUCTION GLOBALLY

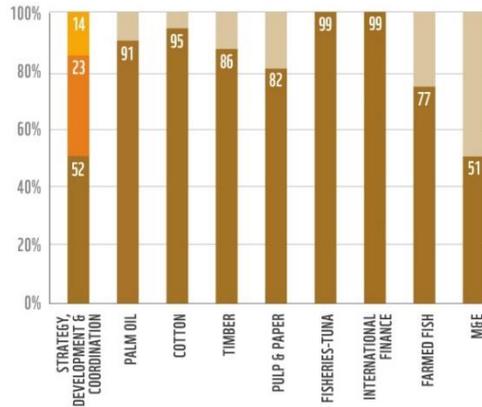
(PERCENTAGE OF PRODUCTION THAT IS PRODUCED TO WWF-SUPPORTED SUSTAINABILITY STANDARDS GLOBALLY)



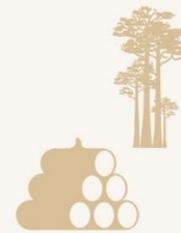
BUDGET EXPENDITURE

KEY ELEMENTS:

- SPENDING AGAINST ORIGINAL BUDGET
- ACCUMULATIVE EXCHANGE RATE LOSSES FY14 - FY16
- ACCUMULATIVE EXCHANGE RATE LOSSES FY17



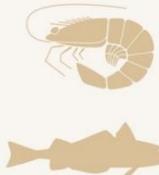
HIGHLIGHTS PER SECTOR SMALLHOLDER ENGAGEMENT



2265

FAMILIES PARTICIPATING IN THE GFTN AND MANAGING 11 COMMUNITY-BASED ENTERPRISES

*2014 baseline: 712 families



32

FARMS IN AQUACULTURE IMPROVEMENT PROJECTS ACROSS ALL SPECIES

*2014 Baseline: 13 AIP's



139 129

INDIVIDUAL SMALLHOLDERS RSP0 CERTIFIED

*2014 baseline: 3037 farmers



1.5 M

TRAINED AND LICENSED BETTER COTTON FARMERS

*2014 baseline: 164 000 farmers

SUMMARY OF PHASE II RESULTS

Measuring results is important to improve the quality of the WWF programs and systems, ensure accountability and transparency, provide feedback on what is working (or not) for improvement and adaptive management.

Demonstrating impact is the strongest demand from partners and standards users across all sectors and is widely agreed as an essential foundation of a credible standards system. Governments, companies and other stakeholders need to know that the standards they use are making a difference. This is challenging due to many factors including long time frames, lack of good data and multiple interventions (contribution), but the evidence base is starting to grow around the contribution of certification, with many credible and comprehensive studies being conducted. Major studies have been released by the Committee on Sustainability Assessment, the Natural Resources Institute, the State of Sustainability Initiatives, and KPMG, and on average evidence are showing that certification delivers positive economic, social and environmental benefits to producers, farmers and labourers, and their local environments and ecosystems.

WWF is leading efforts not only in demonstrating results, but strengthening partners and the standards themselves in measuring what matters. WWF's Impacts work's focus for example has evolved from research implementation to sector influence, including voluntary sustainability standards (VSS), corporate engagement and policy.

Below follows a summary of key results by workstream:

Workstream 1: Engaging Producers in Better Production

This financial year growth in uptake of sustainability certification continues.

In recent years WWF has increased its focus on smallholders. In FY17, community-based forest management projects took place in the following countries: Bolivia, Colombia, Laos, Vietnam, Thailand, Indonesia, Gabon, Democratic Republic of the Congo (DRC), Cameroon, Central African Republic (CAR), and Russia, leading among other achievements to increased smallholder inclusiveness in the Vietnam and the Greater Mekong Region; enhanced livelihoods through direct market access in Vietnam and institutional strengthening of local Civil Society Organizations in the Congo Basin.

For tuna we have had important success in the Indian Ocean with the Indian Ocean Tuna Commission (IOTC) introducing Harvest Control Rules for skipjack tuna to stop overfishing and reduced catch volumes for yellowfin tuna to allow recovery of overfished stocks. These new measurements will lead to social benefits such as better market access and higher, more stable prices.

Aquaculture Improvement Projects (AIPs) are a way to engage, inform and build capacity with producers. There has been a strong growth over the past year, and more than a doubling of AIPs over the past three years, from 13 AIPs in 2014 to 32 WWF-led AIPs in 2017. Key highlights from AIPs in FY 17 include the implementation of better social and environmental management practices in Thailand, Indonesia and Madagascar; increased company commitments in Chile and the first certified shrimp farms in India.

The work in Pakistan and Coastal East Africa on Tuna Fisheries Improvement Projects (FIPs) has directly resulted in improved livelihoods through reduced production inputs, improved prices and

quality leading to higher profitability. The adoption of better management practices (BMPs) leads to reduced habitat destruction and increased climate change and weather shocks resilience.

WWF India has recently initiated a trial regional supply chain project which aims to link progressive buyers in India with best producers in Malaysia using the [Sustainable Palm Oil Transparency Toolkit \(SPOTT\)](#) which scores 50 of the largest palm oil producers and traders on the public availability of corporate information relating to environmental, social and governance (ESG) issues against 125 sustainability indicators.

The results of the cotton projects in India and Pakistan indicate positive social, environmental and economic impacts for cotton farming communities. Better cotton projects contribute to improved livelihoods and health of farmers and their families, while reducing the negative environmental impact of cotton growing - better cotton farmers achieved 29 per cent higher profitability margin compared to traditional farmers, meanwhile using 15 per cent less water, 17 per cent less pesticides and 24 per cent less chemical fertilizers to treat their crops.

Workstream 2: Maintaining and Strengthening Standards to Deliver Sustainability

WWF has been a leader in developing credible multi-stakeholder roundtables and standards, and one of the strongest voices actively engaged in maintain and improving the quality of sustainability standards. WWF exerts influence in several ways for instance by engaging with ISEAL to require credibility and continuous improvement of ISEAL member standards.

In its engagement with standards, WWF not only focuses on environmental issues but continues to place a special focus on improving standards' accessibility to smallholders and impact on social issues, such as conflict resolution/consent/grievance mechanisms for indigenous communities, support for poverty alleviation/improved livelihoods and increasingly also gender issues. A significant aspect of credibility is the ISEAL requirement of a rigorous dispute resolution system which includes severe sanctions of companies not found not to have fulfilled the criteria. In the past there have been several cases where companies have lost their certification due to unacceptable social activities, both within FSC and RSPO. In most cases such sanctions have led to major improvements in company procedures as the reputational costs have been overwhelming for these companies. Another important mechanism in certification schemes is transparency. Auditors make public corrective action requests resulting from annual audits. Companies will have to amend processes and/or mitigate negative impacts within specific timelines in order to keep their certificates. The reputational risk is an important driver for companies to comply with standards. This is increasingly important as several banks and financial institutions consider certification as a risk reduction mechanism and include whether a company is certified or not in their lending decisions.

WWF is involved in the on-going review of RSPO Principles and Criteria (P&Cs) with the intention to strengthen the P&Cs to include halting deforestation, ban planting on peat, no use of fire and no exploitation of labour or local communities. WWF chairs the Standards and Certification Steering Committee of the RSPO and is Chair of the Steering Group overseeing the preparation and implementation of the new Principles and Criteria. WWF is also active in the Review Task Force.

WWF has been heavily involved in the development of the ASC Feed standard which is an ambitious and innovative project, aiming to lead to significant changes in feed ingredient production. Global livestock feed production is a significant cause of land use, water use and GHG emissions and although aquaculture is presently an insignificant player, it could have influence on other livestock feed users.

WWF recommendations to improve the BCI standard (strengthen the standard on Water and Soil Management and recommended new set of principles to be added on Biodiversity and HCV indicators) were included in final draft for public consultation. The results of the public consultation are being reviewed and the standard will go to the BCI council for final approval by the end of 2017.

Demonstrating impact is the strongest demand from partners and standards users across all sectors and is widely agreed as an essential foundation of a credible standard system. Governments, companies and other stakeholders need to know that the standards they use are making a difference. This is challenging due to several factors including long time frames, lack of good data and multiple interventions (attribution).

The evidence base is starting to grow around the contribution of certification, with many credible and comprehensive studies being conducted. Major studies have been released by the Committee on Sustainability Assessment³, the Natural Resources Institute⁴, the State of Sustainability Initiatives⁵, and KPMG⁶, and on average evidence are showing that certification delivers positive economic, social and environmental benefits to producers, farmers and labourers, and their local environments and ecosystems.

WWF is leading efforts not only in demonstrating results, but strengthening partners and the standards themselves in measuring what matters. Leveraging the long-standing field presence around the globe, extensive network of respected scientists, and a variety of collaborative relationships with organizations, governmental agencies and academic experts, WWF is well positioned to lead on innovative approaches to results based management.

Workstream 3: Engaging Companies to Make Responsible Purchases

WWF's engagement with strategically important companies comprising the "MTI Top 100" list contributed to the involvement of 78 of those companies in multi-stakeholder roundtables (as members or participants) and 62 in sustainability platforms.

WWF is joining efforts with the NGO community to ensure that voluntary efforts are implemented in a credible and harmonised manner through the development of an Accountability Framework for "Deforestation-free" commitments. Objectives of the initiative are to ensure that the range of efforts aimed at implementing corporate commitments adhere to high standards of rigor and credibility, contributing to the ultimate goals of halting ecosystem destruction/conversion, and ensuring the wellbeing of rural producers, workers, and communities. A further objective is to harmonise the ways in which progress is verified, reported, and communicated, so that outcomes may be effectively tracked and managed across entire corporate supply chains or jurisdictions.

The Indian Ocean FIP is supported by major global tuna canners and their suppliers (TUE, Bolton, Princess, Tri-marine). Similarly, the European Tuna Fleet FIP includes the umbrella organization OPAGAC (OPAGAC is an organization of producers of frozen tuna recognised in Spain by the Ministry of Agriculture, Fisheries and Food). Several other agreements between Tuna canners and Tuna traders are under implementation. This illustrates the power of the sustainable supply-chain

³ <https://thecosa.org/news-and-insight/publications/>

⁴ <http://www.nri.org/news/2013/do-rainforest-alliance-and-fairtrade-have-an-impact-on-poverty>

⁵ <http://www.sustainablecommodities.org/>

⁶ http://www.sustaineo.org/tl_files/Sustaineo/Improving%20smallholder%20livelihoods%20-%20Effectiveness%20of%20certification%20in%20coffee,cocoa%20and%20cotton_study%20commissioned%20by%20SUSTAINEO.pdf

approach with producers and sourcing companies jointly taking responsibility by working across continents and connecting global and local markets.

Workstream 4: Facilitating Public Policy for Responsible Production & Trade

Over the reporting period there has been a strong government engagement and interest in better production generally with many public and private ‘deforestation-free’ commitments. These include the Marrakesh Declaration, Central Africa Forest Initiative, TFA 2020 Africa Palm Oil Initiative, CFA, New York Forest Declaration, Amsterdam Declaration, and EU Deforestation Action Plan. WWF has and continues to be involved in both topics and continues its advocacy and influencing work in these areas – including with Sida’s support.

An example of this high-level advocacy work is the publication and subsequent use of the **WWF/ ISEAL report: “SDGs mean business: How credible standards can help companies deliver the 2030 Agenda (Feb 2017)”**. The report illustrates how standards – ready-made tools for businesses and supply chain actors – can help accelerate progress on many of the Sustainable Development Goals (SDGs) while delivering direct benefits for companies and small-scale producers.

With an enabling global legislative framework in place, we have seen much progress on the policy side. This includes Seven African countries (Central African Republic, Côte d’Ivoire, Democratic Republic of Congo, Ghana, Liberia, the Republic of Congo and Sierra Leone) pledging at COP22 in November 2016 to protect their tropical forests by shifting to sustainable palm oil production. European Union has continued to demonstrate growing leadership in driving deforestation and forest degradation out of European markets. Jointly with other NGOs, WWF successfully advocated for an EU Action Plan on Deforestation and Forest Degradation.

In November 2016, after nearly six years of negotiations, the EU and Vietnam finally agreed in principle on a Voluntary Partnership Agreement (VPA) to improve forest governance, address illegal logging and promote trade in verified legal timber products from Vietnam to the EU.

Workstream 5: Incentivizing Better Investment and Lending Practices in Financial Institutions

WWF’s work to incentivize better investment and lending practices in financial institutions has achieved progress in all target commodity sectors and several regions globally. The progress has been especially remarkable in Southeast Asia, building upon the foundation and relationships forged in previous years.

Building upon the knowledge and lessons learned during FY16 in Singapore, Indonesia and Malaysia, WWF expanded its work to Myanmar and Thailand. During FY17, numerous workshops were held throughout the region with the objective of creating platforms for sustainable finance dialogue. Eleven new sector policies and public commitments to protect core environmental values were adopted at large banks over the last year (compared to 6 in FY16) and 395 financial institution staff engaged by WWF through workshops and presentations (compared to 258 in FY16). As a result of WWF’s work, in 2017 all 3 Singaporean banks published their ESG frameworks. One bank published a palm oil policy that requires commitment to no peat, deforestation and exploitation.

Further Refinement of Strategy and Approach

Over the past reporting year, we have considerably invested in further fine-tuning the strategy to make it more effective at delivering results. This has been done by working on better understanding the just place and most effective use of sustainability certification in the portfolio and appropriate mix of tools and approaches; improving its effectiveness to help address poverty with a strengthened focus on small scale farmers and gender issues; and to scale up impacts by investing in the development of landscape approaches by sharing lessons learned, tools, and approaches developed as part of the market transformation strategy including sustainability certification.

OUTCOMES AND IMPACTS ACHIEVED

In a multi-driver, multi-stakeholder strategy involving corporates, governments and the financial sector, which aims for ambitious changes in mainstream production, understanding the long-term outcomes and impacts of specific activities can be a challenge. There are many enabling and hindering factors, and many often complex interactions between them. Particularly during short periods, such as year-on-year monitoring, progress can best be seen as stepping stones towards the big goal defined by the Theory of Change. These early results (outputs and intermediate outcomes) are reported through the results-based management framework (Annex XI).

We have worked strategically at all levels, from concrete (field) projects that provide proof of concept in a specific setting, to using WWF's thought leadership and convening power to inspire action by others, to advocacy and influencing to keep ambitions high and partners involved. Demonstrating our contribution in such a setting can be difficult.

These intermediate outcomes capture **potential impact** (e.g. how many certificates, hectares, social issues are covered by the standard or tools and trainings delivered). Monitoring these activities and outputs is important in understanding the cause and effect of strategies and investments to really understand what is working, under what conditions and why.

The *SDGs Mean Business* report provides an illustrative overview of impacts from credible sustainability standards and their contribution towards achieving the 2030 agenda⁷.

The present report highlights the range of activities that are expanding the reach or potential impact of our work, while also highlighting some of the intermediate outcomes of those activities.

1. Strategy 1: Sustainable production at scale

Our research shows that by shifting 25 per cent of demand, we can shift up to 50 per cent of production. This can create the enabling environment for a new, better, and more sustainable mainstream way of production. With this in mind, we work to influence the major companies with the biggest impact on commodity demand. This can give us a real opportunity to shift a whole commodity market or sector, reducing its impact on key areas of global conservation importance. Thus, the linchpin of the market transformation strategy is to work with the biggest buyers of each commodity to shift their whole supply chain. If we can get enough demand for higher production standards, we can push commodity markets to a tipping point where sustainability becomes the norm.

The WWF–Sida market transformation programme focuses on transforming the production of five priority commodities: timber, pulp and paper; tuna; farmed fish; palm oil; and cotton. Our goal is to reach a tipping point by 2020, where 25 per cent of production for each priority commodity meets credible global sustainability standards. The rationale behind the choice of these commodities is highlighted in Figure 3 below, and progress is detailed in Annex III.

⁷ <http://www.standardsimpacts.org/resources-reports/wwfiseal-report-sdgs-mean-business-how-credible-standards-can-help-companies>

Natural Capital Sector	Agri-Food, Fibre and Forestry			Seafood	
Commodity	Palm oil	Cotton	Timber/Pulp and Paper	Tuna	Farmed fish
Primary conservation issues	Top 5 driver of deforestation and associated emissions	One of world's thirstiest crops high use of agri. chemicals	Top 5 driver of deforestation and associated emissions	Risk of stocks collapsing; Depleted marine bio diversity	Impacts on marine and fresh water ecology
Significance to poverty alleviation/ sustainable economic development	High—major contributor to economic development in Indonesia, Nigeria, etc.; demonstrated case study impacts of RSPO on producer livelihoods in Indonesia from Phase I; food security: edible oil is a key source of calories for rural poor	High— small scale farmers in cotton supply chains are among world's poorest; demonstrated case study impacts of BCI on producer livelihoods in Pakistan	High—small scale foresters and pulp/paper producers are among world's poorest; sector key to livelihoods in developing countries; major issues with labour, land rights, etc.	High—fishers are among the world's poorest; fisheries are key source of livelihood, key to food security	High—major source of livelihoods in developing countries and emerging priority for economic development based on perceived development success in other Southern countries (e.g. Chile, Vietnam)

Figure 3: Rationale for commodity choice

1.1 Workstream 1: Engaging producers in better production

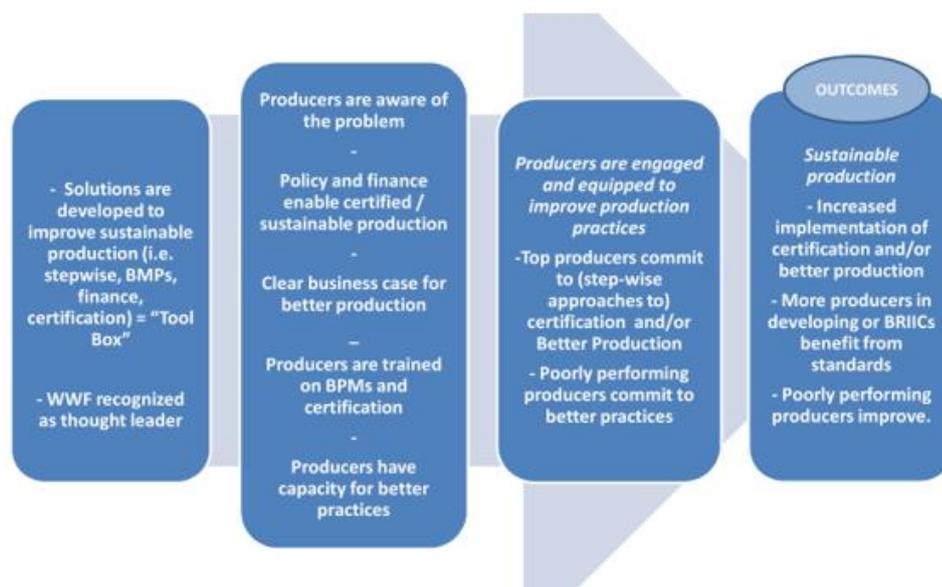


Figure 4: Results chain - Engaging Producers

While the market transformation strategy focuses on big producers, traders, buyers and consumers in order to achieve the tipping point of 25 per cent of global production most quickly, WWF has also increased its focus on smallholders.

Smallholders represent a major source of food production and income for the global rural population, especially in the developing world, and are central to the achievement of food security and other sustainable development objectives. An estimated 2.5 billion people are employed partially or entirely on 500 million small farms worldwide⁸ and they account for a large proportion of the poor. We estimate that the 'bottom 20 per cent' of producers is responsible for up to 80 per cent of

⁸ International Fund for Agricultural Development and the United Nations Environment Programme, 2013, Smallholders, Food Security, and the Environment (Rome), http://www.ifad.org/climate/resources/smallholders_report.pdf

environmental impacts, while typically having very low yields. Many of these are vulnerable, small-scale farmers.

WWF is working directly and indirectly to engage, inform and build capacity with producers and producer groups to implement better production practices. This includes, supporting them to comply with credible sustainable production standards for improved market access. The trainings focus on different aspects such as farmer organization, implementing better management and production practices, and marketing. Particularly for smallholders or disadvantaged communities, the trainings are often carried out through a formal stepwise approach, such as fishery improvement projects (FIPs), aquaculture improvement projects (AIPs), or through the Global Forest & Trade Network (GFTN). These processes aim to reduce barriers to implementation of better production practices and improve access to resources such as training, inputs and certification.

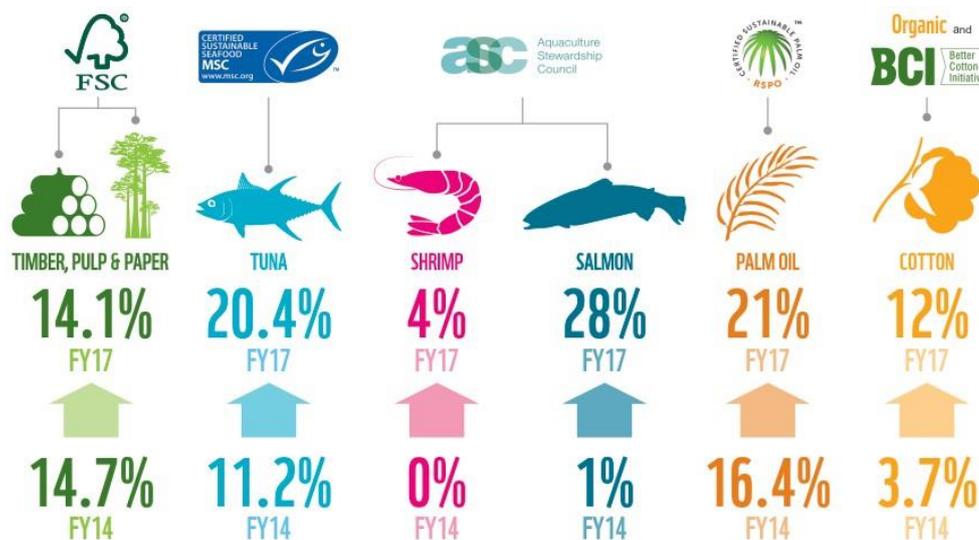


Figure 5: Standard uptake: Percentage of certified production globally

Results on engaging with producers are presented per commodity below:

Timber, pulp and paper

Certification uptake: From the baseline, there has been steady growth in Forest Stewardship Council (FSC) uptake in terms of hectares covered (2014: 184.4 M ha; 2017: 198.8 M ha) with an increase in smallholder focus. The global share of certified production has dropped slightly (2014: 14.7%; 2017: 14.1%). For further detail see Annex III.

WWF forest sector engagement

WWF engages with forest sector stakeholders through a solutions-oriented, integrated local-to-global approach. One of WWF’s strategies to help eliminate illegal logging and drive better forest management and trade practices is engaging with companies through the GFTN, the longest-running and largest forest and trade programme of its kind. GFTN aims to create market incentives for responsible forestry and trade practices by providing a platform for forest managers and forest products buyers to progressively improve their practices and positively influence others through their leadership.. GFTN links more than 200 communities, companies and governments in over 30

countries. Among the GFTN forest participants, there are 11 community-based forest enterprises that manage nearly 250,000 hectares, and support a total of 2,265 families.

GFTN members commit themselves to work towards FSC certification within a set timeframe, if they have not already achieved FSC certification. FSC certification is the most credible forest certification scheme at present. Numerous studies⁹ have shown that it results in benefits such as improved worker rights and working conditions, and improved social standing for communities and households affected by the forest management of their areas.

GFTN is currently transitioning towards an influencing strategy, moving from an open platform to one where members are selected according to their capacity to influence others in the sector and help drive sector-wide change.

WWF has also created the New Generation Plantations (NGP) platform to improve land management and reduce the negative impacts of plantation forestry. NGP promotes better-managed plantations that make a positive contribution to landscape resilience and local development, through sharing of knowledge and experiences.

WWF has a long history of supporting communities to better manage their forest resources. In recent years WWF has doubled down on engagement with communities and supported these efforts with better global learning and knowledge-sharing. In FY17, community-based forest management projects took place in Bolivia, Colombia, Laos, Vietnam, Thailand, Indonesia, Gabon, Democratic Republic of the Congo (DRC), Cameroon, Central African Republic (CAR) and Russia. These country projects and their direct results are described in Annex III. Key highlights include:

- Increased smallholder inclusion in Vietnam and the Greater Mekong region
- Enhanced livelihoods through direct market access in Vietnam
- Institutional strengthening of local civil society organizations in the Congo Basin and elsewhere.

Wild-caught fisheries

Certification uptake: Steady overall growth in the number of MSC-certified fisheries (2014: 216 fisheries; 2017: 312 fisheries), but significant drop in tuna volumes due to the suspension of 17 fisheries from the MSC programme. For further detail see Annex III.

Ensuring healthy oceans and fisheries is essential for life, food and livelihoods. Around 3 billion people globally rely on fish as a major source of animal protein, with expanding populations and a growing global middle class creating more demand. Approximately 90 per cent of people whose livelihoods depend on fishing are in developing countries, and about half of them are women. Yet an estimated 85 per cent of the world's marine stocks are either fully exploited or overfished. Rampant mismanagement threatens important commercial fish stocks, their marine habitats and the long-term livelihoods of fisheries which depend on them.

In WWF's priority regions, WWF focuses on community-based management — an approach that empowers communities to reduce the negative impacts of the fishing industry. This includes working on eliminating destructive fishing practices that threaten fragile marine ecosystems and addressing issues such as bycatch – where non-target animals like dolphins, sea turtles or birds are trapped in fishing gear.

⁹ <http://gftn.panda.org/resources/reports/?231170/Research-review-The-impact-of-Forest-Stewardship-Council-FSC-certification>

WWF also collaborates with governments and local stakeholders on Fisheries Improvement Projects (FIPs), including the Indian Ocean tuna FIP with India, Pakistan, the Seychelles, Mauritius, Madagascar and Mozambique. The focus lies primarily on engaging, informing, and training producers to improve the management of tuna fisheries to meet the sustainability criteria of the MSC standard. The key outcomes of this work include improved transparency around fishing methods, volumes (target species and bycatch) and locations. This knowledge and data form the basis on which responsible regional and national fisheries management can be built.

A crucial precondition for sustainable management is transparency. To inform and engage producers on the specific aspects of transparency, WWF held a workshop in Karachi, Pakistan, with delegates from Pakistan, Iran, Sri Lanka, the Seychelles, Madagascar and the Indian Ocean Tuna Commission (IOTC). Several technical tools and procedures were introduced and discussed and follow-up steps and international working groups have been initiated. The IOTC, for example, introduced harvest control rules for skipjack tuna to prevent overfishing, and reduced catch volumes for yellowfin tuna to allow recovery of overfished stocks. Social benefits include better market access and higher, more stable prices.

The Indian Ocean FIP is supported by major global tuna canners and their suppliers (TUE, Bolton, Princess, Tri-marine). Similarly, the European tuna fleet FIP includes OPAGAC, an organization of producers of frozen tuna recognized in Spain by the Ministry of Agriculture, Fisheries and Food. Several other agreements exist with tuna canners and tuna traders (more in chapter on corporate engagement). This illustrates the power of the sustainable supply-chain approach, with producers and sourcing companies jointly taking responsibility, working across continents and connecting global and local markets. Built on a strong global network of national offices, WWF is uniquely set up to deliver on this approach.

To enable more informed management decisions, WWF-Pakistan has engaged consultants to conduct initial scoping studies to understand if tuna stocks relevant for Pakistani fisheries are healthy or overfished and the impact of the fisheries on non-target species (bycatch). The results of these studies will enable increased transparency in management decisions regarding healthy catch volumes, bycatch reduction methods and data gathering, as well as necessary adjustments to gear or management. Improved management will contribute to the long-term viability and sustainability of the fisheries and the communities that depend on them (See Annex III for more detailed information on key highlights on producer engagement per country and direct results achieved).

The role of Aquaculture Improvement Projects

AIPs reduce or mitigate the potential cumulative impacts of fish farming practices in a given area. These can arise from poor water usage practices, over-density of farms, inappropriate zoning/siting, inefficient feed management, and insufficient coordination of disease incidences and treatments. The AIP also serves as a forum in which producers share lessons learned regarding better practices and can work together to press for improvements in other sectors that affect their operations, such as pollution from upstream agriculture or industry.

Farmed fish: producer engagement

Certification uptake: Continued upward trend in uptake and global share of ASC certification (2014: salmon 1% and shrimp 0%; 2017: salmon 28% and shrimp 4%) and strong growth in AIPs (2014: 13 AIP farms across all species; VS 2017: 32 farms in AIPs). For further detail see Annex III.

Aquaculture is the fastest-growing food production system in the world. With 85 per cent of the world's marine stocks either fully exploited or overfished, growth in the farmed seafood industry is accelerating to meet growing global demand. However, fish farming has significant negative impacts on the environment and communities including biodiversity loss, habitat destruction, water pollution, excessive chemical use, coastal use conflict and illegal labour practices.

WWF's main focus in the aquaculture sector is on salmon and shrimp production. Salmon aquaculture is rapidly expanding, threatening vulnerable ecosystems of global importance, such as the fjords of southern Chile, home and breeding ground of blue whales. Engaging with producers to implement better social and environmental management practices can significantly and measurably reduce the negative impacts and bring positive economic development to communities.

Shrimp is the most valuable traded marine product in the world today, and farmed shrimp accounts for 55 per cent of global production. Most shrimp aquaculture occurs in developing countries, where it has generated substantial income and made shrimp accessible to an eager public in the US, Europe, Japan and elsewhere. However, shrimp farming is associated with many negative impacts. Mangroves and other ecologically important habitats have been cleared to create shrimp ponds. Organic waste, chemicals and antibiotics from shrimp farms can pollute groundwater, coastal estuaries and other aquatic habitats that are essential for local communities and biodiversity. Illegal fishing and labour practices have also been reported.

There is continued interest to address environmental and social impacts by many in the shrimp farming industry. Large and small shrimp farms alike in Central America, Southeast Asia and elsewhere are working towards responsible shrimp production. WWF engages with some of the World's most innovative and conscientious farmers to demonstrate that shrimp production can be environmentally sustainable, socially responsible, and economically viable.

WWF's focus has been on engaging, informing, and building capacity with producers, especially in developing countries, to implement BMPs and, where market demands exists, to achieve ASC certification. The number of AIPs led by WWF has more than doubled over the past three years, from 13 in 2014 to 32 in 2017. Key highlights and direct results from trainings and outreach in seven WWF priority areas are further explained in Annex III. Key highlights from selected projects include:

- Implementation of better social and environmental management practices in Thailand, Indonesia and Madagascar
- Increased company commitments in Chile
- First certified shrimp farms in India.

Palm oil: producer engagement

Certification uptake: Slowing growth in uptake and global share of RSPO certified palm oil (2014: 16%; 2017: 21%) due to one major producer being suspended and another one withdrawing voluntarily from the RSPO during FY16. For further detail see Annex III.

Global production of palm oil has doubled over the past decade. By 2050, global demand for palm oil is expected to double again up to 240 million tonnes. Palm oil is a major part of the economy in the tropical areas where it's grown (e.g. Indonesia, Malaysia and other Asian countries, as well as in Africa and Latin America), helping to lift people out of poverty and providing livelihood for thousands of people. It also contributes to food security by providing vital and affordable fats, as palm oil is the highest-yielding oil plant by hectare. However, this expansion often comes at the expense of tropical

forests and the biodiversity they support. These forests also provide crucial global and local environmental services, including food and livelihoods for the poorest of the poor.

In order to minimise the negative impacts of palm oil production, WWF engages with producers to provide information on the business case for producing certified sustainable palm oil (CSPO), including improved profitability resulting from implementing best practices which lead to operational efficiencies and improved market access. WWF also engages with producers, traders and buyers through the Roundtable on Sustainable Palm Oil (RSPO).

To enable better engagement and transparency between palm oil buyers and suppliers, WWF participates on the advisory board of the [Sustainable Palm Oil Transparency Toolkit \(SPOTT\)](#) initiative of the Zoological Society of London (ZSL). [SPOTT](#) supports the finance sector and supply chain stakeholders to meet their own commitments, manage risks, and engage with companies to incentivize sustainable commodity production through responsible investment and sourcing. SPOTT assessments score 50 of the largest palm oil producers and traders on the public availability of corporate information relating to environmental, social and governance (ESG) issues against 125 sustainability indicators. WWF-India has recently initiated a trial regional supply chain project which aims to link progressive buyers in India with best producers in Malaysia using the SPOTT tool.

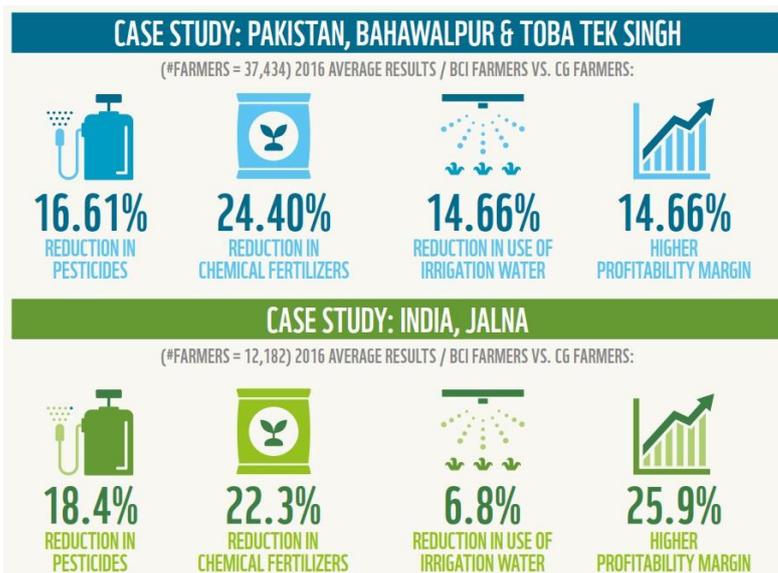
Cotton

Certification uptake: Steady growth in uptake and global share of BCI-certified cotton (2014: 3.7%; 2017: 12%). For further detail see Annex III.

Cotton is a vital crop for hundreds of thousands of small farmers in the developing world. However, conventional cotton production uses vast quantities of water and pesticides, depleting and polluting water supplies for people and wildlife and damaging fresh water ecosystems.

WWF engages with cotton producers through the Better Cotton Initiative (BCI). Established with the support of WWF in 2005, the initiative aims to reduce the water and chemicals used to grow cotton – and to improve the lives and livelihoods of cotton farmers worldwide. WWF has several on-going projects in India and Pakistan that promote the adoption and implementation of the BCI standard (in partnership with IKEA, Marks & Spencer, Better Cotton Fast Track Fund) as well as organic cotton (in partnership with C&A Foundation). These projects rely on stakeholder engagement, farmer field schools, training and implementation of Better Cotton and/or organic principles. To measure the environmental, social and economic impacts of cotton certification for smallholders, WWF has been involved in several case studies conducted in India and Pakistan.

The results confirm that Better Cotton farmers achieve improved results, environmentally (less water and chemical use, improved land and soil conditions), socially (improved labour conditions) and



economically (increased income due to decrease in production inputs). See Chapter 1.1.2 Improved livelihoods and gender equity for detailed case studies.

Going forward, WWF will transition its action out of the field level, where BCI is making good progress through its Growth and Innovation Fund, which supports farmer training. Instead, WWF will focus on keeping the BCI system credible and increasing company demand for Better Cotton. The Cotton Ranking report, prepared during this reporting phase and due for release in October 2017, is an example of this kind of work.

1.1.1 Campaigns

A key strategy for WWF is driving demand for more sustainably produced commodities: establishing the market conditions to incentivize producers helps to create the enabling environment for sustainable production. WWF uses its communications capacity and brand recognition to communicate directly to the public on corporate progress, in the form of industry scorecards and public campaigns. This includes campaigns to promote sustainability in emerging markets, where awareness among governments and consumers is low. Some highlights of these campaigns are given in Table 1 below.

Table 1: Campaigns

	Region	Context	Outcomes
FSC	Belgium	WWF-Belgium in partnership with FSC-Belgium and their retail partners launched a FSC information campaign between May and June 2017 to raise awareness and increase recognition of FSC-certified products on the Belgian market. The campaign aims to increase the recognition of the FSC label among the Belgian population and reach 50% recognition rate by 2018.	Increased recognition of the FSC label from 38% to 42% among the Belgian population. Total cumulative social media (Facebook, Twitter, Instagram) reached 740,270 people. The campaign was covered by at least 33 Belgian media outlets, including four radio and six television stations. Campaign visuals reached approx. 3,660,000 people.
	Colombia	WWF-Colombia, together with TetraPak, launched a national FSC campaign to promote recognition of the FSC logo in the Colombian domestic market.	More than 10 key Colombian media outlets wrote about the FSC campaign. Over 100,000 people were reached via social media. The campaign website obtained more than 35,000 views.
MSC/ ASC	France	WWF- France organized the first “Think Fish Week” in collaboration with MSC, ASC and their corporate partners. The aim was to raise awareness about the problems caused by overfishing and the availability certified fish and seafood products.	The campaign was positively covered by at least 18 media outlets, including key national daily newspapers <i>Le Parisien</i> , <i>Le Figaro</i> , <i>Le Monde</i> , <i>Le Quotidien</i> , and television channel BFM.TV. The campaign website reached over 10,000 people. Over 85,000 people viewed the campaign video: www.youtube.com/watch?v=Gw8nXZGnFILM

RSPO	China	WWF-China, in partnership with China Sustainable Retailers Roundtable, trialled a number of interactive actions, including online questionnaires, during China's Sustainable Consumption Week. These trial activities fostered consumer awareness around sustainable palm oil.	The campaign received positive media attention with articles published in key Chinese media including China Daily, Sohu.com, China Development Gateway.
	Denmark	WWF-Denmark organized a soy and palm oil outreach campaign targeted at Danish supermarkets: https://bidrag.wwf.dk/aktion/supermarked	More than 24,000 individual consumers engaged. Eight retailers received a letter from WWF highlighting consumers' support to the campaign. Seven responded by requesting bilateral meetings to discuss the sustainability issues raised in the campaign.
	Indonesia	In collaboration with WWF-Indonesia, The Body Shop and SINAR MEADOW, the RSPO rolled out a five-month campaign targeted at Indonesian university students. The "Youth Leader in Sustainability" programme seeks ambassadors to help educate Indonesian consumers and increase the demand for sustainable palm oil products. The campaign also showcases how industry stakeholders can take part in the effort to help empower consumers.	810 students from 58 universities nationwide participated in the first phase of the programme.
	Singapore	"We breathe what we buy" campaign aimed to raise awareness of the uncontrolled expansion of palm oil and paper production and its health, economic and environmental impacts.	The campaign garnered over 15,000 pledges and reached more than 20 million consumers, sparking discussions on the risks of unsustainable palm oil in Asia and demonstrating that consumers want brands manufacturing and selling the products they buy to switch to sustainable palm oil.

1.1.2 Improved livelihoods and gender equity

WWF's Theory of Change for sustainable commodity production includes a strong focus on the creation of sustainable livelihoods and equitable opportunities. The commodities covered are a key source of livelihoods in developing countries and emerging priorities for economic development. Improved livelihoods are a general goal for all the projects WWF implements; however, some specific results are highlighted below.

The work in Pakistan and Coastal East Africa on Tuna FIPs has directly resulted in improved livelihoods through reduced production inputs, improved prices and improved quality leading to

higher profitability. The adoption of BMPs has also reduced habitat destruction and led to increased resilience to climate change and weather shocks.

To strengthen the social aspects of shrimp production, WWF-Indonesia continues to collaborate with Oxfam on enhancing gender awareness in the implementation of AIPs. One of the lessons learned from the past year is the need to have a participatory social impact assessment method to ensure both gender and social issues are being assessed (see Section 1.2 regarding strengthening standards).

To promote better management practices and certification for small-scale fish farmers in the Mekong Delta, WWF-Vietnam (funded by DANIDA) is working with partners to integrate gender issues by using the Gender Action Learning System (GALS) while implementing participatory social impact assessments. To date, 30 communities in three provinces across the Mekong Delta are involved.

GALS (Gender Action Learning System) is a community-led empowerment methodology, using specific participatory processes and diagram tools. It aims to give women (and men) more control over their lives as the basis for individual, household, community and organizational development. GALS supports women and men to address gender issues important to the effectiveness of any development.

The results of the cotton projects in India and Pakistan indicate positive social, environmental and economic impacts for cotton farming communities. Better Cotton projects contribute to improved livelihoods and health of farmers and their families, while reducing the negative environmental impact of cotton growing.

1.2 Workstream 2: Maintaining and strengthening standards to deliver sustainability

WWF has been a leader in developing credible multi-stakeholder roundtables and standards. WWF is also one of the strongest voices actively engaged in maintaining and/or improving the quality of the sustainability standards. WWF exerts its influence in several ways (Figure 6), for instance by engaging with ISEAL to require credibility and continuous improvement of their member standards.

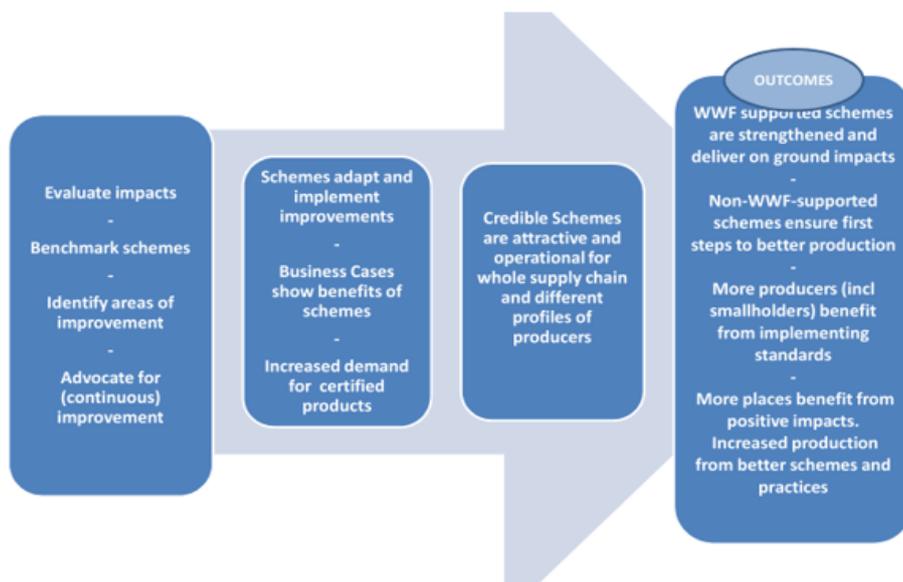


Figure 6: Results chain - Standards

This fiscal year, WWF made great progress in enhancing and strengthening standards to deliver greater impact. Areas of work included benchmarking, evaluations (business case, outcome and

impact assessments), guidelines, active participation in the standard systems, and reviews and collaboration with ISEAL as outlined below.

1.2.1 Benchmarking standards

WWF Certification Assessment Tool (CAT)

To drive better production practices on the ground, WWF uses the Certification Assessment Tool (CAT) to evaluate and compare the scope, governance and credibility of voluntary sustainability standards and certification schemes. The CAT aims to show standards what new topics, discussions, evidence and understanding are emerging in sustainability, and which directions they should develop: it is a living tool to drive learning and improvement, not a static ranking. While the CAT is considered a state-of-the-art tool for assessing the credibility of standards, there is room for improvement on the social aspects, including topics such as living wages and labour rights. Two key highlights for the past year were the launch of the improved CAT Version 4, which incorporated key water criteria, and the first CAT for aquaculture. More details on the CAT and the continuous improvement process can be found in the Annex IV.

How CAT assessments can drive improved performance and sustainability

Improving relevance and risk-based approaches for standards

As part of its quality programme the Swiss Soy Network assessed seven soy standards: EU Bio, Bio Suisse, Danube Soy, ProTerra, RTRS Non GMO, ISCC Plus and Sistema Green. The initial analysis report, *Comparison and evaluation of seven standards for soybeans in and outside Europe*, was disseminated among the partners and used as a basis for identifying hotspots, strengths and weaknesses, overall and of individual systems, with the objective of strengthening the various standard systems.

Strengthening the requirements of government programmes

Both the Indonesian and Malaysian governments have mandatory national standards: Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Palm Oil (MSPO). Applicable to all palm oil growers in their respective countries, these standards hold great potential in driving sustainability at the national level. Currently both standards fall short of the requirements that WWF has for standards before we can recommend them, but we are actively engaged with them to raise the bar and drive impact.

Using the WWF CAT criteria for credible sustainability standards, WWF is engaging both the Indonesian and Malaysian governments to try to strengthen their respective standards. WWF-Malaysia used a CAT analysis as the basis for a training session to discuss and explore strengths and weaknesses of MSPO in comparison to RSPO.

A CAT assessment has helped to improve the BCI standard in several areas, and results were also fed into the standard review (see below).

Matching risks with standard requirements that address them

In FY17, WWF initiated a project with companies to link different supply chain risks to standards as a mitigation tool. The aim is to identify which credible sustainability standards could address specific supply chain risks. A combination of the WWF Supply Risk Tool and CAT assessments is used to identify certain areas of risk which are addressed in the principles and criteria of the standards.

Other benchmarking activities to strengthen standards

In order to focus on the internal WWF strategy and the future policy and relationship with MSC, WWF carried out an internal review of the environmental and social impact of the MSC certification scheme. This included a discussion of institutional barriers to its effectiveness and future options for continuing WWF engagement. WWF and MSC are working intensively to overcome the challenges identified by the analysis, to manage potential conflicts and improve the MSC Standard and procedures to enable full sustainability in all MSC certifications.

1.2.2 WWF involvement in standards

A core part of WWF's strategy in the standards landscape is to continuously improve the schemes in their core activities through active participation with the standard systems directly and through platforms.

One proven mechanism to strengthen the schemes are the periodic reviews of the different elements of the standard systems. To make the most effective use of this window of opportunity, the WWF Global Standards and Certification Team (GSCT) developed guidance to streamline future reviews. This includes specific guidelines on the preparation and internal alignment on WWF positions, negotiation processes and evaluating the outcomes of the review process. The latter will enable WWF to understand which of our recommendations were effectively incorporated in the new version of the standard and how. The GSCT "Internal Guidelines for Reviews of Voluntary Standards and Certification Schemes" were drafted and disseminated internally in January 2017. A more effective and consistent approach, along with monitoring the outcomes, will lead to improvement in strengthening the effectiveness of standards.

In addition to the periodic standards revision process, WWF actively participates in a broad range of roles including working groups, stakeholder councils and governance. Specific examples of WWF involvement per standard are outlined below.

FSC

WWF has played a pivotal role in advancing FSC national and regional standards development in many regions.

As a result of successful coordination and facilitation by WWF Danube-Carpathian Programme and WWF-Bulgaria, the National Forest Stewardship Standard for Bulgaria¹⁰ was approved by FSC in October 2016. The Standard is applicable to all forest operations seeking FSC certification within Bulgaria, including smallholders. Given Bulgaria's intention for all state forests to become FSC certified, this newly approved national standard will enhance responsible forest management in state-owned forests, which make up nearly 70 per cent of all Bulgarian forests.

The South African National Standard was completed by the Standard Development Group and submitted to the FSC Policy and Standards Unit in Bonn for approval. Its innovative risk-based approach to certification, which is a shift from the traditional rules-based approach, can potentially make certification more streamlined and effective, less complex, simpler to use and cheaper to implement.

¹⁰ http://d2ouvy59podg6k.cloudfront.net/downloads/bgfsc_standard_version4_o_eng.pdf

In December 2016, FSC-Australia's Standard Development Group submitted Australia's first FSC Forest Management Standard for approval. This followed three years of negotiation and five iterations, and reflects many of WWF-Australia's positions and priorities.

The regions with the highest proportions of intact forest landscapes (IFLs) have not yet finalized their national standards. Given the complexity and political sensitivity of the topic, debates are on-going and no country-specific indicators have been finalized. However, international generic indicators on IFL-related management, informed by WWF's presence on the HCV/IFL working group, have been developed and approved. The aim is to allow for these to be credibly adapted in the national standards in development in Canada, Russia, and the Congo Basin.

WWF provides strategic guidance as a board member of various national FSC organizations and is an active participant in various national standard development working groups.

MSC

WWF sits on the MSC International Board, has been a representative on the 35-member stakeholder council since 2005, and participates actively in various topic-specific working groups.

ASC

WWF has helped to strengthen ASC in several roles from participation in the top governance body to field-level implementation:

Through our ASC board presence, we have pushed for greater governance and stringency in accountability for lasting change in the aquaculture sector and more broadly in the environment.

As a steering committee member, WWF has been heavily involved with the development of the ASC feed standard, an ambitious and innovative project which may lead to significant changes in feed ingredient production. Global livestock feed production is a significant cause of land-use change, water use and greenhouse gas emissions; although aquaculture is presently a minor player, it could have an influence on other livestock feed users. The standard will be published for a second public comment period in late 2017.

WWF-Indonesia participates as a steering committee member for the MSC-ASC Seaweed standard development, as well as in the ASC Marine Finfish standard. When the standards are available, WWF-Indonesia will support key companies involved in the current standard development programme.

WWF is co-developing and reviewing ASC standards for sea bream, sea bass, meagre, grouper, snapper and barramundi, and has submitted comments to strengthen these standards. We also participated in a pilot audit of Nireus sea bass and sea bream farms, and attended a field mission to assess the feasibility of the Japanese sea bream standard – including visiting farms, exploring other species options and inventorying environmental and social impacts.

Palm oil

As a founding member of the RSPO, WWF strives to make sure that the organization's standards are based on solid social and environmental criteria, including a prohibition on the conversion of valuable forests to oil palm plantations. To date, 21 per cent of the total production globally is produced according to WWF-supported sustainability standards. WWF sits on the RSPO board and on several committees and working groups, including the smallholders working group: our involvement includes various roles in the governance, strategy development and standard review, as well as related projects.

Standard development: The second review of RSPO Principles and Criteria (P&Cs) began in May 2017 with implementation targeted for November 2018. WWF's intention is for the P&Cs to be strengthened, including halting deforestation (converged HCV/HCSA methodology to be incorporated), no planting on peat regardless of depth or extent, no use of fire, and no exploitation of labour or local communities. WWF chairs the RSPO's standards and certification steering committee, and the steering group overseeing the preparation and implementation of the new P&Cs. WWF is also active in the review task force.

WWF is also an active member of the Palm Oil Innovation Group (POIG), a multi-stakeholder initiative that is developing and sharing a credible and verifiable benchmark that builds upon RSPO. Through participation/leadership in both RSPO and POIG, WWF will seek to ensure that the innovations and best practices identified and promoted by POIG, and also contained within the RSPO NEXT voluntary add-on principles and criteria, are incorporated in the RSPO P&Cs.

BCI

WWF has been an active participant in the BCI production principles and criteria review process, both directly on the standard review committee and by providing input during the consultation process. The review, which began in March 2015 by consulting a broad spectrum of stakeholders, explored important social and environmental topics, including land-use change, water stewardship and climate change.

Based on the CAT assessment, WWF gave recommendations to strengthen the standard on water and soil and recommended new sets of principles be added on biodiversity and HCVs. These recommendations were integrated in the public consultation. The results of the public consultation are being reviewed, before the standard goes to the BCI council for final approval at the end of 2017.

2.2.3 Making standards more smallholder friendly and improving livelihoods

WWF, its partners and the standards themselves recognize the key role of smallholders for market transformation for all of the key commodities. In the case of palm oil, for example, smallholders are responsible for about 30 per cent of global production on about 40 per cent of land used for palm oil production. The growth to date in certification uptake has been mainly driven by sustainability leaders in individual supply chains – the early adopters and organized farmers able to compete in global supply chains. In the case of palm oil, only around five per cent of the estimated three million smallholders are certified. Concentrated efforts are needed to address the barriers and challenges for smallholders, particularly independent and unorganized smallholders. Many of the barriers are

systemic and government action and policy is needed. Here WWF is working with governments and financial institutions on enabling policies and incentives. WWF and voluntary sustainability standards are playing a key role as partners in making standards and access to incentives (markets, finance, resources) more smallholder friendly.

Main tools and efforts have included promoting group certification for aggregation and delivery of services (training, inputs) and to lower costs; simplified tools and guidelines; step-wise approaches including improvement programmes; and simplified criteria. Several of the standards (FSC, MSC, RSPO, and BCI) have specific smallholder support funds set up to address some of the cost barriers and invest in sustainable practices, training and capacity building, and offsetting certification and audit costs. Sector-specific activities are described below.

Timber, pulp and paper, and smallholders

Around the globe, WWF is providing capacity building and policy support, as well as exploring innovative incentive mechanisms to make responsible forest management more accessible and viable for smallholders and communities. This includes a “New Approaches Strategy” to bring in more smallholders, addressing smallholder-specific market needs and flexible approaches. Two key tactics are revising relevant standards to clarify and simplify requirements related to smallholders, and ensuring smallholder representation in processes related to policy and standards.

The number of projects WWF has been involved in providing innovative support mechanisms for smallholders in the forestry area has increased significantly over the past three years. Annex III, Table 4 gives details of several field-level projects which are addressing key barriers and challenges of smallholders.

The Fair Wood Initiative¹¹, implemented by another Sida-funded-project and led by WWF-Sweden, FSC-Sweden and a number of partners, aims to catalyse the development of fair and transparent value chains based on wood from smallholders. The initiative is in its inception phase, conducting market research and understanding the needs and barriers for smallholders. It organized a workshop to showcase the smallholder value chain model to stakeholders and released preliminary research indicating that smallholders are not only motivated by financial interest, but also by other values such as identity and autonomy. The research and other work done by the Fair Wood Initiative will serve as an important guide for WWF’s work around community forestry.

Wild-caught fisheries and smallholders

One of the main tools to improve smallholder access is the use of Fishery Improvement Projects (FIPs). FIPs bring together multiple fishery stakeholders – fishers, managers, researchers, funders and NGOs – to improve a fishery’s practices and management. WWF’s work with FIPs in developing countries removes barriers for fishers who would otherwise have difficulty in accessing resources to implement better management practices or achieving MSC certification.

Key highlights from last year include:

The MSC Capacity Building Toolkit and the use of data-limited methodologies such as its Risk Based Framework have enabled small-scale and Global South fisheries to join the MSC programme.

The Global Fisheries Sustainability Fund was awarded for the first-time last year, to support innovative projects that help small-scale and Global South fisheries to achieve sustainability and certification.

¹¹ <http://www.wwf.se/wwfs-arbete/1634190-the-fair-wood-partnership>

Farmed fish and smallholders

WWF has been actively involved in efforts to make ASC accessible to small producers, working with mechanisms such as group certifications to increase access to resources (inputs, training, certification) and lower costs.

Key highlights from last year include:

- WWF engaged with Indian shrimp farmers and the Indian government aquaculture association MPEDA to support a cluster of 100 small-scale producers to become certified.
- WWF-Vietnam, in collaboration with civil society partners and other stakeholders, did an assessment and submitted comments on the draft of the national ASC group certification policies.
- WWF-Vietnam helped strengthen group management in an AIP moving toward ASC for 30 small-scale farmer groups in the Mekong Delta.
- Working on mechanisms to enable shrimp processors to achieve certification (group or individual) together to reduce expenses such as assessment fees. This leads to bigger volumes of certified shrimp production, and potential for greater impact.

Additionally, tools have been designed to make the standards more accessible. To improve livelihoods and achieve gender equity, WWF Chile has developed a social toolkit as a guide to effectively and meaningfully fulfilling the social criteria of the ASC standard.

Palm oil and smallholders

RSPO is developing simplified procedures for smallholders to make the standard more accessible without diluting it. This is necessary as small producers find RSPO challenging to achieve for several reasons, including lack of technical knowledge for implementing better management practices and cost/access to finance. RSPO and WWF are now separately considering whether standards and certification alone is the only tool to drive greater sustainability among smallholders, or whether to introduce complementary approaches. These would address priority issues first, implementing best practices and improving smallholder profitability (for example, from lower input costs and higher yields). This can lead to higher incomes as well as reduce pressure to expand production (potentially by converting forests) by improving per-hectare income. The RSPO board approved a comprehensive smallholder strategy in June 2017 which directly addresses this topic, placing economic viability first and certification as a later tool for market access.

The on-going RSPO P&Cs review also aims to improve inclusivity for smallholders. The review taskforce is considering three potential solutions: develop a stepwise approach, have fewer P&Cs for smallholders, or retain the same P&Cs but with less stringent levels for smallholders. This development will be concluded by November 2018. WWF supports and influences this strategy of improving access to sustainability for smallholders through participation in the smallholder working group. Meanwhile, improving gender equality is another objective of the P&Cs review, with the strong support of social NGOs.

In Sabah, Malaysia, WWF-Malaysia is working in cooperation with local NGO Wild Asia to bring smallholders to RSPO certification. The number of smallholders has increased from 130 to 173 and ultimately the target is 400. The project is built on providing training and organizational help to create a smallholder group and pass the RSPO group standard certification. The project will also be piloting additional criteria like those of the German Forum of Sustainable Palm Oil FONAP¹², in which WWF-Germany is a key player. The project complements other WWF work with smallholders, communities

¹² <http://www.forumpalmoel.org/en/welcome>

and companies producing palm oil, timber and non-timber forest products sustainably across 1.2 million hectares in Borneo.¹³

Cotton

BCI helps smallholders with specialized guidance and stepwise approaches to better land management. Around 90 per cent of the world's 100 million cotton farmers live in developing countries, raising the crop on less than two hectares. These smallholders are especially vulnerable to market shifts and climate flux, and the performance of a single growing season can make or break a household. Techniques such as soil assessments which let farmers know how much and what type of fertiliser to apply, manure composting, intercropping and crop rotations help to preserve soil health; rainwater harvesting saves on irrigation, and pheromone traps to catch insects reduce dependence on chemicals. In the short term, using fewer pesticides will save farmers money, and using them in the right way will have health benefits. In the long term, better practice improves the soil, reduces leaching of chemicals into water, and encourages biodiversity. The economic gains come chiefly from spending less on inputs, which in some countries can make up 60 per cent of cotton production costs, and training to improve yields

Farms are differentiated by three categories (smallholders, medium farms and large farms), recognizing the differences in production methods and workforce. Large numbers of smallholders are able to access the BCI programme, because its approach is to set less stringent initial requirements, while demanding continuous improvement over time. WWF works to ensure these are not "lower" standards, but still meet the rigour and coverage requirements of a credible standard while raising the sustainability "floor". Aside from specialized tools and guidance, BCI actively collaborates with other standards, facilitated through the WWF CAT.

The BCI Growth and Innovation Fund supports Better Cotton projects in eight countries: China, India, Pakistan, Mali, Mozambique, Senegal, Turkey and Tajikistan. Joint investments in training and capacity-building enable BCI to address the most pressing sustainability issues in cotton farming such as pesticide use, water efficiency and working conditions including child labour, gender inequities and poverty wages.

2.2.4 Improving the social requirements of standards

In addition to making standards more smallholder friendly and improving livelihoods, WWF works to improve standards' social requirements. This can help standards make a greater contribution toward achieving the SDGs, which are an increasingly important compass point for governments and business.

In the previous fiscal year, the project established three social indexes (livelihoods, gender and indigenous rights) to improve the current evaluation framework (Figure 7). These were established through research and consultation with partners. The indicator project involved the selection of indicators that were most relevant to the issues faced by the sector, comparable (so the same indicator could be used across different standards/contexts), and reliable in terms of data availability and accuracy. They are all based on the requirements in the standards' P&Cs.

¹³ <https://globallandusechange.org/en/projects/heart-of-borneo-green-economy/why-hob-green-economy/>

Figure 7: Social Indicators and results per standard

Since there were no published changes to any of the standards, there is no change to the indices. However, WWF, partners and the standards are making efforts to make their systems more

	ASC	FSC	RSPO	BCI	MSC
Gender					
Discrimination	3	3	3	3	0
Gender specific policies and pro	3	3	3	3	0
Women's labor rights	3	3	3	2	0
Gender Index	100%	100%	100%	89%	0%
Poverty alleviation /livelihoods					
Minimum wage + wage adjustm	3	3	2	2	0
Worker's compensation	3	3	3	0	0
Local employment opportunitie	3	3	3	0	0
Livelihoods Index	100%	100%	89%	22%	0%
Rights of indigenous peoples					
Access to natural and other reso	3	3	1	0	3
Free, Prior and Informed Conser	3	3	3	0	0
Participatory Social Impact Asse	3	3	3	0	0
Indigenous rights Index	100%	100%	78%	0%	33%
Total Social Index					
	100%	100%	89%	37%	11%

responsive to many key social issues including inequality and exploitation.

WWF with the standards recognize the critical issue of gender, particularly in smallholder supply chains. Together with ISEAL, WWF has been advocating for more monitoring data to be gender disaggregated to better understand context and outcomes. Currently gender is often grouped in with other forms of discrimination in the standards, but several P&C review processes have brought broader social issues around gender empowerment to the table.

Guidance on the evaluation and selection of social auditors and gender sensitivity training are key recommendations from WWF internal research. This issue is also on the agenda for several of the standards, accreditation bodies (those that certify the certification bodies) and ISEAL.

FSC adopted a gender equality criterion in 2015 along with nine indicators in response to stakeholder concerns about pervasive gender inequality in the forestry sector. To facilitate inclusion of these at the national implementation level, FSC developed and published a guidance document "Promotion of Gender Equality in National Forest Stewardship Standards" in August 2016. This is reinforced in FSC's Global Strategic Plan 2015 to 2020, which calls for the implementation of a "system-wide gender equality strategy, creating an institutional culture and normative framework that facilitates improving gender sensitivity within the system". FSC has also established a permanent indigenous peoples' committee (PIPC) directly advising the Board of Directors in issues related to indigenous peoples and traditional land rights.

MSC was identified as having the most room for improvement, as the standard focuses on the environmental health of a fishery and has never had social components. MSC is currently compiling stakeholder input on enhanced requirements for labour practices in reaction to pressure, particularly from companies regarding incidents of labour exploitation in certified supply chains. In July their board announced it "recognise[d] the increasing importance placed on social issues when considering sustainability" and had "resolved to enhance the MSC sustainability certification scheme for wild fisheries by introducing a risk based approach that assures stakeholders that labour practices throughout the MSC certified supply chain, from ocean to consumer, meet internationally accepted norms."

Marine fisheries directly or indirectly employ over 200 million people globally, and despite the widespread application of certification initiatives, little is known about their social impacts on fishery-

dependent communities. To address this gap, WWF together with the Institute of Business Management in Karachi, Pakistan, launched a pilot social monitoring programme in the Indian Ocean in 2017. This aims to develop a replicable methodology for understanding how FIPs and marine certification affect the well-being of fishing-dependent communities. A guide for practitioners will be published this year.

In aquaculture, women represent 70 per cent of the total workforce. ASC is looking at how to address some of the gender issues and challenges in the sector. Currently ASC requires a gendered participatory social impact assessment, but a key challenge is having adequately trained and qualified social auditors to verify compliance with the social requirements. The Oxfam August 2016 report *Identifying gender inequalities and possibilities for change in shrimp value chains in Indonesia and Vietnam*¹⁴ highlighted other areas of work for ASC.

For palm oil, the Center for International Forestry Research published a brief for use in the RSPO P&C review on greater gender equality and women's empowerment.¹⁵ Several NGOs have been advocating for stronger gender requirements in the RSPO, including:

- Building awareness among individuals, communities, companies and the industry
- Ensuring women's rights to land
- Integrating gender within RSPO P&Cs, including making the guidelines more specific
- Ensuring women give their free, prior and informed consent
- Improving gender sensitivity of social auditors.

In cotton, BCI has identified gender inequality as a priority focus area due to the economic multiplier effect and persistent sectoral issues around lower wages and lack of participation in formal work structures. BCI currently works with over 40,000 women farmers worldwide. It runs several gender-related projects with local implementing partners, such as working with the Rural Economic and Educational Development Society (REEDS) in Pakistan to create an environment that encourages both women and men to join its learning groups.

"The opportunity to share and build knowledge through the Better Cotton project inspires women to invest in their own and their daughters' education, become involved in women's entrepreneurship groups and scale up their business activities."

The Executive Director, REEDS

Several certification schemes, including RSPO, FSC and ASC, require the identification and protection of High Conservation Values (HCVs) as part of their principles and criteria. HCVs are biological, ecological, social or cultural values which are outstandingly significant or critically important at the national, regional or global level. All natural habitats possess inherent conservation values, including the presence of rare or endemic species, provision of ecosystem services, sacred sites, or resources harvested by local residents.

There are six categories of HCVs. Two of them are social:

¹⁴ <https://genderaquafish.files.wordpress.com/2016/06/graiseagaf6paperfinaldoc.pdf>

¹⁵ <https://www.cifor.org/library/6383/transforming-the-roundtable-on-sustainable-palm-oil-for-greater-gender-equality-and-womens-empowerment/>

- HCV 5: Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.), identified through engagement with these communities or indigenous peoples.
- HCV 6: Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

WWF was a party in the development of the HCV concept within the FSC system. WWF also helped set up the HCV Resource Network. And the concept is now referred to also by companies in the Consumer Goods Forum and it is even referred to in the guidelines of the Swedish National Agency for Public Procurement for e.g. palm oil, timber, soy, coffee, tea, cacao and sugar.

Recently the HCV Resource Network has, with help of WWF, set up a licensing scheme for HCV auditors. E.g. RSPO requires that HCV assessments are done by licensed auditors.

2.2.5 Measuring results of standards

Measuring results is important to improve the quality of WWF's programmes and systems, ensure accountability and transparency, and provide feedback on what is working (or not) for improvement and adaptive management. The results-based management framework monitors progress on outputs and short-term outcomes as a direct result of WWF strategies and investments. Those are described in previous chapters, the Annex and the results-based management Excel file. These 'reach' indicators capture *potential impact* and are also the critical stepping stones towards longer-term impact.

Demonstrating impact is the strongest demand from partners and standards users across all sectors and is widely agreed to be an essential foundation of a credible standards system. Governments, companies and other stakeholders need to know that the standards they use are making a difference. This is challenging due to many factors including long timeframes, lack of good data and multiple interventions (attribution).

However, the evidence base around the contribution of certification is starting to grow, with many credible and comprehensive studies being conducted. Major studies have been released by the Committee on Sustainability Assessment¹⁶, the Natural Resources Institute¹⁷, the State of Sustainability Initiatives¹⁸, and KPMG¹⁹, and on average evidence are showing that certification delivers economic, social and environmental benefits to producers, farmers and labourers, and their local environments and ecosystems.

WWF is leading efforts not only in demonstrating results, but strengthening partners and the standards themselves in measuring what matters. Leveraging our long-standing field presence around the globe, extensive network of respected scientists and a variety of collaborative relationships with organizations, governmental agencies and academic experts, WWF is well positioned to lead on innovative approaches to results-based management.

2.2.6 Standard impacts assessments

¹⁶ <https://thecosa.org/news-and-insight/publications/>

¹⁷ <http://www.nri.org/news/2013/do-rainforest-alliance-and-fairtrade-have-an-impact-on-poverty>

¹⁸ <http://www.sustainablecommodities.org/>

¹⁹ http://www.sustaineo.org/tl_files/Sustaineo/Improving%20smallholder%20livelihoods%20-%20Effectiveness%20of%20certification%20in%20coffee,cocoa%20and%20cotton_study%20commissioned%20by%20SUSTAINEO.pdf

The focus of WWF's impacts work has evolved from research to influencing standards, businesses and policy. When the MTI impacts programme began five years ago, there were few institutions doing rigorous scientific work and a need to bring stakeholders together to implement research due to the lack of evidence on the outcomes and impacts of standards. Today, impact evaluation is a growing and emerging field with several of the standards establishing internal capacity and WWF coordinating some joint efforts, including with ISEAL (see next section).

WWF's impacts team proactively strengthens standards and drives impact by:

- Providing guidance and setting standards of rigorous impact evaluations based on our pilots;
- Linking research with policy and decision-making, including decisions on how to improve the standards themselves.

Impact assessment: A systematic, objective and in-depth, ex-post assessment of the medium- or long-term effects (positive or negative, intended or unintended) of the implementation of a standards system. Impact evaluations employ methodologies that are designed to enable evaluation users to understand the extent to which an observed change can be attributed to the standard system or another intervention. (Adapted from the 3rd Impact Evaluation Glossary 2012, and World Bank).

Under the first, three projects are currently progressing: (1) Socio-economic Impact Evaluation for Indian Ocean Tuna FIPs and MSC Certification; (2) FSC Biodiversity Impact Evaluation in Peruvian Amazon; (3) Monitoring ASC Salmon and FSC (P&P) Impacts in Southern Chile. (See details on the impact studies in Annex V.)

All projects have completed methodology development that meets robust scientific standards (including field testing) and baseline data collection from certified and non-certified operations. While the results are not decisive due to funding and time constraints, they have established broadly applicable methodologies to generate a robust evidence base on a wide range of social and environmental impacts of commodity production. WWF is developing tools and guidance to make the methodologies readily available for the broader impacts research community. More importantly, these initiatives have contributed to strengthening the standards in several ways, including identifying specific areas of improvement within the standard systems and raising awareness about sustainable management of natural resources among producers.

In the policy arena, WWF is working jointly with ISEAL to create guidance for matching methods to purpose. Not all research questions and policy decisions require extensive evidence based on the best science. There is a need to learn what evidence is best suited for what purpose, so that efforts are appropriate, meaningful, and relevant and drive uptake of results. Through the Value Impact Assessment (VIA) Initiative, WWF has supported the development of a process and a platform for researchers, practitioners, companies and policymakers to support the improvement of FSC. This model can be applied to other standards as well. For more detailed information on impact studies related to specific standards, see Annex VI on Standard Impact Assessments.

2.2.7 Outcome assessments and business case for standards

Less rigorous but equally valuable are other results-based evaluation tools such as outcome assessments and business cases. While the latter have traditionally been applied in terms of profitability, there are many other benefits that businesses derive from implementing standards (for producers – e.g. improved relations with community members, reduced worker turnover, improved product quality) or using standards (for companies – risk management, branding). Examples from the past year include:

- *Responsible sourcing of forest products: The business case for retailers*²⁰, which sets out to understand the business case for retailers to commit to and act on responsible sourcing of forest products. The report combined an extensive literature review with a survey of 54 retailers from 21 sectors and 20 countries and follow-up interviews with representatives from retailers Bunnings, Kingfisher, IKEA and Migros. It showed that retailers see a clear link between responsible sourcing and business opportunities.
- *A Business Case for Improved Environmental Performance in Southeast Asian Shrimp Aquaculture*²¹ – a study conducted in Vietnam and Thailand. It found that more intensive shrimp farming can yield better environmental and economic results. By producing more shrimp per hectare of land, farmers can increase production to meet growing demand for shrimp without increasing pressure on the region’s natural resources.

Outcome assessment:

assessment of the short-term and medium-term results or effects.

Business case: evaluation of benefits, costs and justification for undertaking a project or a programme.

2.2.8 WWF and ISEAL partnership to improve standards

WWF has been engaging with ISEAL to define credible governance structures and processes and to incentivize continuous improvement of ISEAL member standards through the ISEAL Codes. WWF conducted an internal evaluation of the ISEAL collaboration in April 2017, “Looking back and forwards on the common work”, to understand results of the three-year collaboration under our previous MoU. It critically reviewed the strategic partnership and made recommendations for strategy, considering the evolution of both organizations. The process reaffirmed the value and aligned goals and objectives. It also underscored the partnership as an effective and efficient way to work towards its goal for more conservation through the implementation of robust and credible certification schemes.

WWF, ISEAL and the Sustainable Food Lab collaborated in developing and launching the Sustainability Impacts Learning Platform (SILP)²² in May 2016. It is intended to facilitate improved knowledge sharing, collective learning and collaboration towards increased sustainability in global supply chains. Since its launch, 292 studies have been published on the site, and there were 916 unique users in the last year July 2016 – June 2017, showing the interest among researchers and practitioners to connect and collaborate to improve the effectiveness of standards.

In February 2017, WWF and ISEAL jointly published the report, *SDGs mean business: -How credible standards can help companies deliver the 2030 Agenda*²³. The report illustrates how such standards,

²⁰ www.standardsimpacts.org/resources-reports/wwf-report-responsible-sourcing-forest-products-business-case-retailers-2017

²¹ https://c402277.ssl.cf1.rackcdn.com/publications/1073/files/original/Vietnam_Shrimp_Business_Case_v5.pdf?1497988115

²² www.sustainabilityimpactslearningplatform.org

²³ http://d2ouvy59p0dg6k.cloudfront.net/downloads/wwf_iseal_sdg_2017.pdf

as ready-made tools for businesses and supply chain actors, can and do help accelerate progress on many of the SDGs while delivering direct benefits for companies and small-scale producers.

WWF also plays several key roles in the ISEAL governance bodies and committees to positively influence standards and ensure credibility. These include active participation as a member of the ISEAL technical advisory committee, the stakeholder council and Innovations Fund decision-making committee. This committee oversees and awards seed funding for innovations of standards.

The Value Impact Assessment (VIA) initiative

WWF is working with ISEAL to develop various impacts guidance and knowledge products through its participation in the Value Impact Assessment (VIA) initiative. While the VIA initiative was originally developed to focus only on FSC, there is potential to replicate the model and process for other voluntary standard systems. WWF-US hosted the second VIA initiative advisory group meeting in October 2016. The workshop reviewed a number of methods to generate communicable messages on the actual or potential environmental and social benefits of FSC. Following the meeting, a VIA endorsement procedure for FSC impact statements was developed and a first set of “business-ready” messages and statements have been developed and tested. WWF hosted the third VIA technical advisory group meeting in August 2017 to finalize VIA deliverables. WWF is also supporting ISEAL to organize a series of learning events that aims to apply the lessons from VIA to the broader voluntary standard community.

Membership of ISEAL has required RSPO to develop a Theory of Change. WWF is participating in this activity together with other RSPO board members on a small taskforce to ensure relevance and credibility. The Theory of Change process will help align priorities and identify key metrics that will be monitored to demonstrate the impact of RSPO certification.

Cotton

Through an ISEAL project, a baseline study was completed to evaluate the early impacts of the BCI on smallholder cotton producers in Kurnool district, India, with follow up studies to take place in 2017/18. Most existing studies about the impact on the ground of sustainability standards have compared outcomes of certified and non-certified farms to determine whether certified farms perform better. These studies fail to capture the critical changes that may take place in farms and farmer households as they prepare for certification or in the initial years after becoming certified. By contrast, this study is considering the early years of certification, and the process of becoming certified or moving from verification to a baseline standard to certification to a higher level standard. The study is intended to evaluate the early impact on smallholder farmers, to better understand the contribution that sustainability standard systems make to improve their well-being.

2. Strategy 2: Tipping market conditions towards sustainability

2.1 Workstream 1: Engaging companies to make responsible purchases

WWF uses different strategies to influence stakeholders with varying degrees of commitment to sustainability (Figure 8). With laggards, WWF works to create a level playing field by applying pressure, such as campaigns and public denouncement. Companies who put minimum effort into meeting sustainability targets and companies with at least some interest in sustainability issues,

WWF works to increase knowledge and awareness of the risks of unsustainable practices and the benefits of adopting best management practices and certification. With committed private sector partners, WWF works to improve their sourcing and production practices on a one-on-one basis and also by engaging with sector platforms to scale up the impact of the engagement. WWF also cultivates leadership among partner companies so that they can become change agents to influence their supply chains, peers, consumers, policymakers (especially in the jurisdictions from where they source commodities) and other land-use sectors.

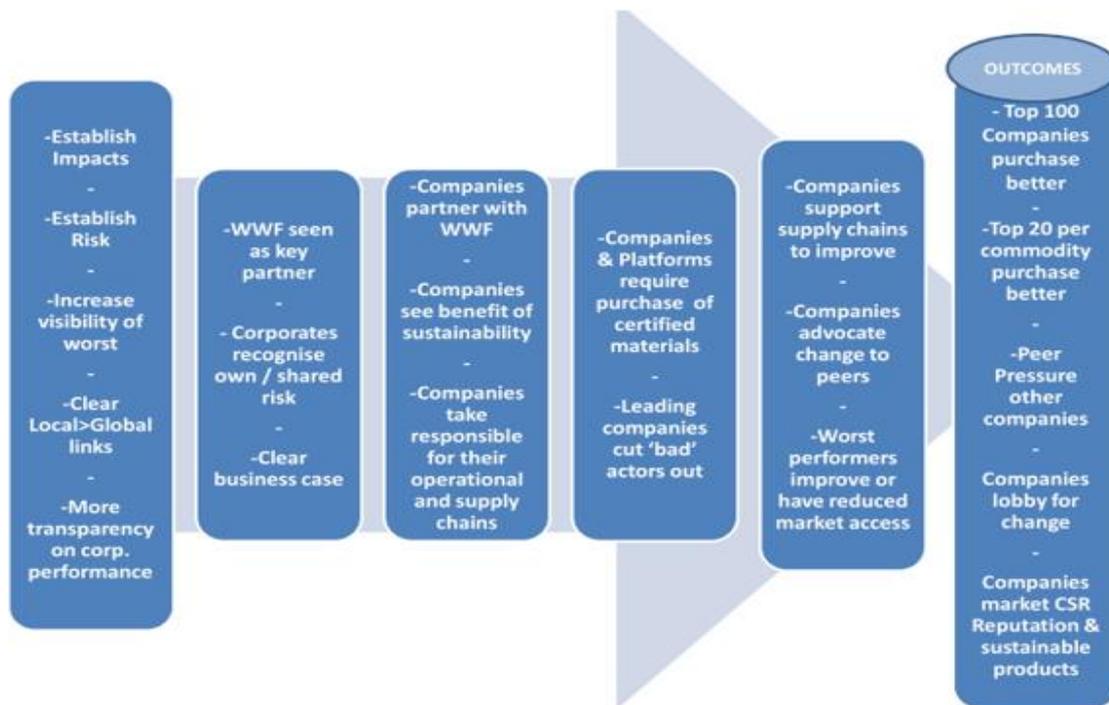


Figure 8: Results Chain - Tipping Demand

Growth in buyer company membership of roundtables/standards, number of chain of custody certifications issued, certification logo use on products, and certified/labelled product sales are all indicators of higher buyer demand, and the strength of the certification system. For example, WWF tracks chain of custody certifications because they reveal demand for sustainably produced commodities several steps away from the farm/producer level. Tracking only certified production would identify progress in terms of sustainable production but not necessarily demand—which is a necessary condition for viable markets for sustainable products. Because sustainable products can be difficult or impossible to trace from production to consumption, and different standards track demand for their products in different ways, multiple types of information are provided to create a clear picture of the demand situation. WWF uses varied approaches and tools to drive increased awareness and demand, and to promote transparency and continuous improvement of production in emerging markets. These include campaigns related to sustainable commodities, and buyer scorecards to show companies how they compare to competitors.

To provide clearer guidance on the different approaches to reduce deforestation and forest degradation related to commodity production, WWF published a discussion paper “Jurisdictional Approaches to Zero Deforestation Commodities²⁴” and is joining efforts with the NGO community to ensure that voluntary efforts are implemented in a credible and harmonized manner through the development of an Accountability Framework for “Deforestation-free” commitments. Objectives of the initiative are to ensure that the range of efforts aimed at implementing corporate commitments

²⁴ http://wwf.panda.org/wwf_news/?283050/JAZD

adhere to high standards of rigor and credibility, contributing to the ultimate goals of halting ecosystem destruction/conversion, and ensuring the wellbeing of rural producers, workers, and communities. A further objective is to harmonize the ways in which progress is verified, reported, and communicated, so that outcomes may be effectively tracked and managed across entire corporate supply chains or jurisdictions.

WWF published a discussion paper “Jurisdictional Approaches to Zero Deforestation Commodities” that maps the landscape of why, where, who, and how various actors are approaching the increasing convergence of landscape approaches, jurisdictional approaches, and voluntary corporate sustainability efforts to reduce deforestation and forest degradation related to commodity production. Building off the paper, WWF US and WWF Brazil convened a workshop in Brasilia that facilitated deep dive analysis into five leading jurisdictional approaches. Learnings are being compiled into a report and are helping catalyse network discussions on WWF’s niche within the universe of deforestation-free supply chains and jurisdictional approaches.

The WWF report Responsible sourcing of forest products: The business case for retailers offered concrete examples of responsible sourcing initiatives contributing to business success. The report was covered in more than 10 media outlets and partner channels and reached more than 62,000 people on all social media channels.

The Indian Ocean FIP is supported by major global tuna canners and their suppliers (TUE, Bolton, Princess, Tri-marine). Similarly, the European Tuna Fleet FIP includes the umbrella organization OPAGAC (OPAGAC is an organization of producers of frozen tuna recognized in Spain by the Ministry of Agriculture, Fisheries and Food). Several other agreements between Tuna canners and Tuna traders are under implementation. This illustrates the power of the sustainable supply-chain approach with producers and sourcing companies jointly taking responsibility working across continents and connecting global and local markets.

Results that relate to specific standards are further detailed in Annex VII.

CORPORATE ENGAGEMENT TOP 100

To track corporate engagement, WWF maintains a “Top 100” company list, monitoring their public time-bound commitments to source against credible standards and/or individual “better production” approaches. This list comprises 100 companies that are strategically most relevant to engage with on sustainability of priority commodities. The list is regularly updated to make sure that it remains relevant in the ever-changing global marketplace.

In FY17, six buyer companies from the Top 100 list were based in the BRIICS (no change since FY14). These companies are headquartered in China (2), Brazil (1), India (1), Indonesia (1) and South Africa (1). Three of these companies have made public time-bound commitments to source against credible standards and/or committed to individual better production approaches.

To date, 78 companies in the Top 100 list are roundtable members and 23 companies are trade network members. Roundtable participation/membership is considered a first step on the sustainability journey. WWF encourages companies to become members of commodity roundtables and to make individual or platform commitments to rigorous sustainability agendas, especially those that align with WWF-supported standards.

The largest platform for participation in the Top 100 is the Consumer Goods Forum (CGF) with 40 companies, followed by the GFTN and The Sustainability Consortium (TSC).

2.2 Workstream 2: Facilitating public policy for responsible production and trade

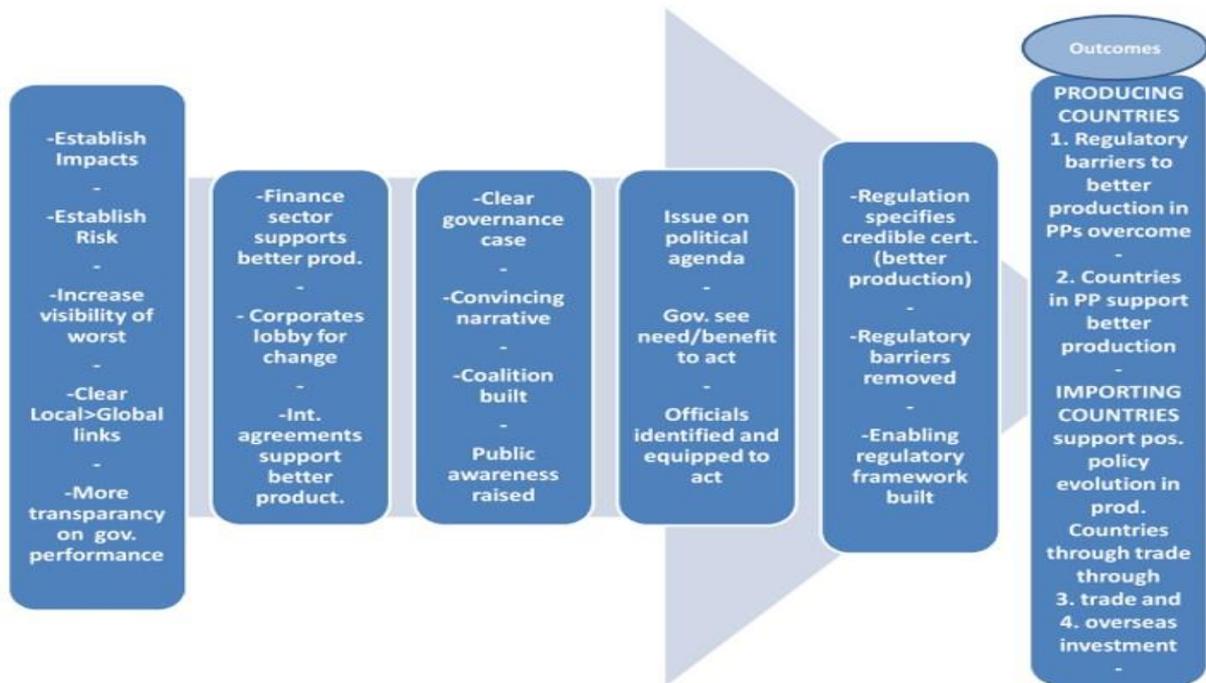


Figure 9: Results Chain - Public Policy

Over the reporting period there has been a stronger government engagement and interest in better production generally. The business case for better production is better understood and sustainability standards are seen less as an obstacle to trade. The inclusion of better production and consumption targets (SDG 12) in the 2030 agenda has no doubt played an important part in this, as have the many global public and private ‘deforestation-free’ commitments. Key initiatives include the Marrakesh Declaration, Central Africa Forest Initiative, TFA 2020 Africa Palm Oil Initiative, Commonwealth Forestry Association (CFA), New York Declaration on Forests, Amsterdam Declaration and the EU Deforestation Action Plan. WWF remains heavily involved in both topics and continues its advocacy and influencing work in these areas – including with Sida’s support.

An example of this high-level advocacy work is the publication and subsequent use of the WWF/ISEAL report SDGs mean business: How credible standards can help companies deliver the 2030 Agenda (February 2017). The report was very well received and highlighted in key specialized media and conferences, with over 25 articles in sustainable trade and environmental media outlets. It was tweeted by the Washington Post, and covered in prominent trade media outlets such as Food Navigator, Sustainable Brands, Edie.net and Supply Management Magazine²⁵. The report was taken up and published by UN Global Compact Australia network on their website²⁶. Additionally, WWF’s own web pages generated over 1,000 views²⁷. It has also been translated into Mandarin for promotion in China during FY18 targeting industry and local governments.

²⁵ <https://docs.google.com/spreadsheets/d/1FHFTg5EF2LJRb2Zz-z8krxnVJVOQkXjRfmtFbbwBUQo/edit#gid=387285248>

²⁶ <http://www.unglobalcompact.org.au/2017/02/15/credible-sustainability-standards-can-benefit-business-and-scale-contributions-to-the-sdgs>

²⁷ http://wwf.panda.org/what_we_do/how_we_work/working_with_business/news/?292110/Implementing-the-Agenda-2030-sustainability-standards-help-business-seize-opportunities

Specific activities relating to particular standards are further explained in Annex VIII. Key highlights include:

- European Commission published a draft feasibility study on EU action against deforestation, which includes a number of interventions, including regulatory measures. These policies will lay the foundation upon which concrete action plans by member states will be developed as the next step.
- After nearly six years of negotiations, the EU and Vietnam agreed on a Voluntary Partnership Agreement (VPA) to improve forest governance, address illegal logging and promote trade in verified legal timber products from Vietnam to the EU. Both parties expect to ratify the agreement in late 2017.
- An agreement was made between politicians, government practitioners and more than 60 participants from governments in Iran, Seychelles, Madagascar and Sri Lanka as well as IOTC officials on further international cooperation during WWF’s international transparency workshop in Pakistan.
- In response to persistent advocacy efforts from WWF and partner NGOs, the European Parliament has asked in its Initiative Report on Palm Oil and Deforestation²⁸ for an action plan and legislation to ensure that palm oil and other agricultural commodities in the EU market are sustainable.

2.3 Workstream 3: Incentivizing better investments and lending practices in financial institutions

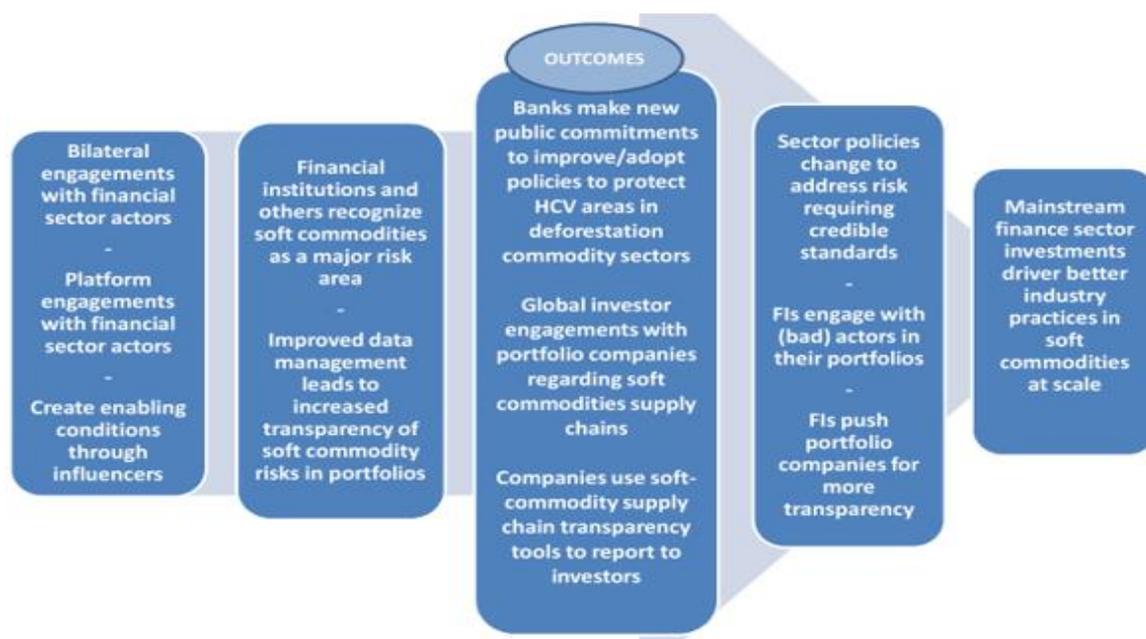


Figure 10: Results Chain - Financial Institutions

WWF’s work to incentivize better investment and lending practices in financial institutions has achieved progress in all the target commodity sectors and several regions globally. The progress has

http://wwf.panda.org/what_we_do/how_we_work/working_with_business/news/?291630/New-report-highlights-business-opportunity-using-credible-sustainability-standards-to-achieve-SDGs

²⁸ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2017-0098+0+DOC+XML+Vo//EN>

been especially remarkable in Southeast Asia, building upon the foundation and relationships forged in previous years.

Building upon the knowledge and lessons learned during FY16 in Singapore, Indonesia and Malaysia, WWF expanded its work to Myanmar and Thailand. During FY17, numerous workshops were held throughout the region with the objective of creating platforms for sustainable finance dialogue. Eleven new sector policies and public commitments to protect core environmental values were adopted at large banks over the last year (compared to six in FY16) and WWF engaged 395 financial institution staff through workshops and presentations (compared to 258 in FY16). As a result of WWF's work, in 2017 all three Singaporean banks published their ESG frameworks. One bank published a palm oil policy that requires commitment to no peat, deforestation or exploitation.

2.3.1 Sustainable lending (key achievements per country)

In FY17, WWF continued to build capacity at ASEAN commercial banks in partnership with regulators and banking associations. This was accomplished through various events and projects as outlined below.

Singapore

Singapore was among the first countries in Southeast Asia where WWF achieved tangible results in driving sustainability via systemic change in financial markets. The work done in FY17 builds upon previous years, with the aim to improve existing methodologies and continue to find leverage points for achieving maximum impact on the ground. In FY16 the Association of Banks in Singapore (ABS) issued responsible financing guidelines for banks operating in Singapore, requiring them to consider ESG factors in sectors such as forestry and agriculture. To continue this momentum WWF held a master class on responsible financing in agriculture, in partnership with ABS and the Monetary Authority of Singapore (MAS) in September 2016 for Singaporean banks, including the three local banks which have significant exposure to ASEAN commodities supply chains. The workshop featured WWF palm oil and rubber leads and guest speakers from four leading palm oil companies (Musim Mas, GAR, Cargill and Wilmar), international investors (Aviva) and international banks (Rabobank and Citibank).

The event helped build Singaporean banks' baseline capacity on sustainable forest risk commodity issues so that they would be able to develop their own agriculture sector policies. WWF continued to support closely all three local Singaporean banks. A bilateral ESG capacity-building workshop was held for multi-functional teams to embed ESG capacity across the organizations, and several strategic meetings were held with key decision-makers on ESG throughout the year. WWF was also able to provide feedback on the draft ESG framework and sector policies of one major bank and arranged a capacity-building workshop for their regional risk managers from multiple countries.

Together with ABS and MAS, WWF developed a toolkit for banks to assess their portfolios on haze risk, with input from RSPO member banks and international palm oil and pulp and paper companies. The tool was launched by ABS for adoption by all banks in Singapore (including international banks)²⁹.

As a result of WWF's work, in 2017 all three Singaporean banks published their ESG frameworks. One bank published a palm oil policy that requires commitment to no peat, deforestation or exploitation.

²⁹ <http://www.mas.gov.sg/News-and-Publications/Parliamentary-Replies/2017/Reply-to-COS-2017-Debate.aspx>

We also engaged with the Investment Management Association of Singapore and held an introductory lunch presentation on ESG integration for Singapore fund managers alongside Singapore Exchange Limited in April 2017.

Indonesia

The majority of the work undertaken in Indonesia also builds upon the previous year's accomplishments. In FY16, WWF-Indonesia, with support from the MTI, signed MoUs with eight Indonesian banks, which represented half of the Indonesian banking sector by assets and included Indonesia's four largest banks. This was done under the auspices of Indonesian financial regulator OJK in a 16-month pilot project called "First Movers on Sustainable Banking". The primary focus of this project is on responsible lending in the palm oil sector, with the aim to reduce deforestation as banks assess palm oil companies' practices. Over the course of 16 months, six workshops were held for the eight participating banks. The first half of these workshops were held in FY16 and the remainder in FY17 (August 2016, February and May 2017). The FY17 workshops featured several speakers including a WWF palm oil expert, the agriculture company Golden Agri Resources and three international banks (HSBC, Citibank and Standard Chartered) with advanced agriculture policies. These workshops built local banks' capacity on ESG integration in general and understanding of palm oil sector-specific issues. As an immediate result of these workshops, all eight Indonesian banks published their new or updated ESG integration framework in FY17. However, only two banks mentioned publicly that they have palm oil policies. To date, none of the banks disclose specific ESG requirements that they ask their clients to commit to; however, we know that the banks are working on improving this.

WWF also assisted OJK in developing "Guidelines on Financing Sustainable Palm Oil³⁰" – a reference for banks and other financial services institutions in managing environmental and social risk of their clients in the palm oil industry. The guidelines were officially launched during the International Sustainable Finance Forum in Bali, Indonesia in December 2016. We also developed a palm oil risk assessment tool³¹ to help banks in their due diligence process as part of the First Movers on Sustainable Banking programme.

WWF has been able to build close relationships with all eight participating banks in the First Movers on Sustainable Banking programme. It will be crucial to continue building upon this success to make sure that these eight frontrunners achieve concrete results on the ground. Additionally, a follow-up programme will be set up for the next eight banks (Indonesia has a diversified banking sector, but we will mainly target the largest). As all the materials have now been developed, the next phase can be completed with fewer resources. Furthermore, the follow-up programme will be facilitated by the first group, which will enable WWF to build upon existing knowledge and create a platform for sustainable finance dialogue in Indonesia. A goal would be for all 16 banks to continue moving together and use this platform to come up with specific time-bound commitments, which they are able to share with their customers.

Malaysia

In Malaysia, WWF partnered with Bursa Malaysia, the Malaysian stock exchange, to hold an agriculture workshop for Malaysian banks in March 2017. The purpose of the workshop was to gather representatives of major Malaysian banks and to establish a dialogue on how to help banks to meet Bursa Malaysia's voluntary sustainability reporting guidelines. The workshop introduced the business case for ESG integration and featured WWF agriculture experts, palm oil companies (Wilmar

³⁰ <http://www.ojk.go.id/sustainable-finance/id/publikasi/panduan/Documents/Panduan%20Pembiayaan%20Kelapa%20Sawit%20Berkelanjutan.pdf>

³¹ <http://mims.wwf.id/sustainablefinance/login.php> (password is available on request)

and Sime Darby), banks, investors and rating agencies (ABN AMRO, Credit Suisse, KWAP and RAM), as well as RSPO. The workshop was highly successful in terms of establishing a good basis for the upcoming year, where we are planning more strategic engagement with the Malaysian banks.

Myanmar

In Myanmar, WWF helped to establish relationships among private banks and held bilateral capacity-building events for three of the five top private banks in Myanmar.

The capacity-building events (held in August, October and November 2016) covered numerous topics including general ESG integration as well as sustainable commodity procurement and labour practices. The primary goal of these events was to get strategic buy-in from the biggest private banks and get their support in bringing sustainable finance onto the agendas of the Myanmar Banking Association and Myanmar Central Bank (MBA). In addition, at the request of two banks WWF provided input into their new ESG framework.

In January 2017, WWF held its first workshop with MBA for representatives from 24 Myanmar banks. The objective of this workshop was to elaborate on the business case for ESG integration in Myanmar and to propose setting up a long-term capacity-building programme in cooperation with MBA.

Thailand

In May 2017, WWF held an introductory session on general ESG integration and forestry sector issues for Thai banks in partnership with Stock Exchange of Thailand (SET). The purpose of this introductory session was to establish a communication platform with relevant people to enable future collaboration. Additionally, the workshop supported banks to meet SET's voluntary sustainability reporting guidelines. The session gathered representatives of major Thai banks as well as from the Thai Bankers' Association, Bank of Thailand and Securities and Exchange Commission of Thailand. The workshop featured several speakers including a WWF forestry expert as well as two international banks (Citibank and ABN AMRO) with advanced ESG frameworks. Through this introductory session, WWF successfully established a communication channel which allows for further engagement and individual approaches. The broader goal for upcoming years is to have voluntary engagement (similar to what WWF has in Indonesia) so we can give input to the banks' sector policies.

In all of these initiatives, WWF has been active in developing the strategy and work plans of the participating banks. In collaboration with other partners, we continue to be active in implementing their ESG integration programmes.

Further, WWF-Thailand has also been engaging with KrungSri Bank for several months on developing a new product called a sustainability loan – a low-rate loan for farms/processors who want to invest in improvement processes to achieve ASC certification. The loan could play an important role in providing more opportunity for those who lack financial support.

2.3.2 Sustainable investing

In FY2017 WWF focused on outreach and engagement with the wider investor community. We secured a speaking slot at a high-profile deforestation event at the Principles for Responsible Investment (PRI) annual conference in Singapore in September 2016, which brought together the world's leading responsible investment community. WWF's efforts resulted in a collaboration with PRI to arrange and deliver a two-day capacity-building field trip for 22 global investors with US\$4.5 trillion collective assets under management in September 2016. The trip included workshops and field visits to smallholder palm oil plantations. This also brought important exposure to local social

NGOs to build knowledge on the ESG issues in the palm oil sector, with an added focus on smallholders and human rights.

STRENGTHS, CHALLENGES, ADAPTIVE MANAGEMENT AND LESSONS LEARNED

WWF uses market forces – supply and demand pressures as well as enabling conditions – to tip the global supply chains of our priority commodities towards sustainability. A key part of the Theory of Change is to drive **both** sustainable supply and demand, which is accomplished through the five workstreams. These are mutually reinforcing and create a virtuous circle, i.e. demand from market players incentivizes producers to meet the demand, which motivates other producers to implement better management practices that are now available for new and emerging markets, creating more awareness and pressure on companies to participate in sustainable supply chains. This interdependency also creates challenges to match supply and demand locally, regionally and globally. Specific strengths, challenges and how WWF has adapted to these are highlighted in the following section.

Strategy 1: Sustainable production at scale

Workstreams:

1. Engaging producers in better production
2. Maintaining and strengthening voluntary standards systems to deliver social, environmental and economic sustainability

Strategy 2: Tipping market conditions towards sustainability

Workstreams:

3. Engaging companies to make responsible purchases
4. Facilitating public policy for responsible production and trade
5. Incentivizing better investment and lending practices in financial institutions

WWF internal adaptive management

For the past 12 months, WWF has been implementing internal organizational changes, which were the result of an 18-month process (January 2015 – June 2016) of re-envisioning its conservation strategy and global governance. The purpose of this process has been to build a conservation-driven and coherent programme framework that is more focused on results in the ‘South and East’ of the globe. The re-organization process is now fully implemented and is enabling simplification and acceleration of WWF’s international decision-making process in order to achieve greater impact with fewer resources.

WWF’s new global programme set-up aligns the organization around six goals (Forests, Oceans, Water, Food, Wildlife, and Climate & Energy) and three drivers (Markets, Finance and Governance). This change represents in part the “mainstreaming” of the MTI’s strategy and approach by underlining the importance of working with these drivers to reach the overall conservation goals. Work pioneered under the MTI framework continues and will be scaled up under the Food, Forests, Markets and Finance programmes in the upcoming years.

Strengths, challenges and how WWF is responding (adaptive management) are highlighted in Tables 2 and 3 with details following.

Table 2: Key strengths

Workstream	Key strengths
Cross-cutting/organizational	<ul style="list-style-type: none"> • WWF's reputation enables access to key actors and partners • Local capacity and partners on the ground • Strong local and regional networks • Relationships with key stakeholders
Engaging producers	<ul style="list-style-type: none"> • Reputation with partners, get "asked to the table" • Strong partnerships and networks • Local capacity • Government partnerships
Strengthening standards	<ul style="list-style-type: none"> • Solid tools (CAT) and impact methodologies • Internal expertise • Reputation • Relationship with ISEAL
Company engagement	<ul style="list-style-type: none"> • WWF has partnerships with around 1,800 companies • WWF is acknowledged to be a solutions provider (e.g. standards and certification, Water Risk Filter), a convener (multi-stakeholder roundtables) and science-based organization
Public policy	<ul style="list-style-type: none"> • Reputation and convening power
Incentivizing investments and lending	<ul style="list-style-type: none"> • Reputation and convening power • Tools and relationships developed in previous years

Table 3: Summary of key challenges and how WWF is responding

Workstream	Key challenges	Adaptive management
Overarching/ organizational	<ul style="list-style-type: none"> • Re-organization and change management: high uncertainty, shifts in resource allocations and loss of key staff and institutional linkages in the network • Financial constraints • Changing partners and funding • Global coordination 	<ul style="list-style-type: none"> • Cross-relationship teams • Knowledge management • Leveraging partnerships • Broadening funder base and new grant opportunities • Regular and flexible adaption • Regional and global collaboration and communication
Engaging producers	<ul style="list-style-type: none"> • Engaging smallholders • Uptake in Global South and East • Certification: costs, compliance requirements including documentation • Broader systemic issues – e.g. land tenure, illiteracy, ageing population in agriculture • Coordination and communication with partners 	<ul style="list-style-type: none"> • New tools and methods • Building the business case • Awareness and outreach • Simplified tools and support • Group certification • Government engagement and new tools (e.g. jurisdictional approaches) • Joint work plans
Strengthening standards	<ul style="list-style-type: none"> • Continued proliferation of standards • Benchmarks desk/document-based • Social issues not WWF core strength • Evidence on impacts still sparse • Methodological complexity in impact assessment 	<ul style="list-style-type: none"> • Improved CAT and sector-specific tools to broaden reach and uptake • Quality assurance system • Guidance on impact assessment • Capacity-building of partners including local capacity • Adapting methods to purpose
Company engagement	<ul style="list-style-type: none"> • Need for business case for sustainability, especially in developing countries • In developing countries, sustainability is low on the agenda, and there is little consumer awareness or interest 	<ul style="list-style-type: none"> • Continue with bilateral partnerships • Scale up in developing countries • Amplify impact by scaling up engagement with company platforms
Public policy	<ul style="list-style-type: none"> • Lack of policies, understanding and/or enabling environment • Advocacy results take time 	<ul style="list-style-type: none"> • Create dialogue platforms
Financial institutions	<ul style="list-style-type: none"> • Funding constraints • Lack of local capacity • Lack of materials • Creating a level playing field 	<ul style="list-style-type: none"> • Focus on industry and platform level engagement via partnerships with regulators and banking associations

CONCLUSION

Addressing poverty in a sustainable manner has to build from a healthy environment that is able to provide the vital services life on Earth depends on. This is a tall order considering the current state of the world, and the continued decline in natural resources and the regenerative capacity of our one planet, as documented every two years by the *Living Planet Report*. And time is running short.

At WWF we think: 'Together Possible!' We need all hands on deck. We need the businesses large and small, financiers and investors, governments and regulators at all levels, and of course civil society and its organizations to work together. This is something that we begin to see at the highest level. A major difference between the SDGs and their predecessors, the Millennium Development Goals, is that the SDGs were developed with the input of all stakeholders. And their implementation is a shared task, with the private sector being an important implementation partner. We have seen similar developments with the Paris Agreement.

Over the previous reporting period we have seen significant increase in government engagement and interest in better production and consumption. It seems as if we are getting closer to an enabling global political environment with the 2030 Agenda and commitments made under the Paris Agreement aligned and mutually reinforcing each other. This has led to new public and private commitments, or helped reinforce existing ones, to conserve forests and support sustainable commodity production.

Seven African countries (Central African Republic, Côte d'Ivoire, DRC, Ghana, Liberia, the Republic of Congo and Sierra Leone) pledged at the UN climate conference in Marrakesh in November 2016 to protect their tropical forests by shifting to sustainable palm oil production. The European Union continues to demonstrate leadership in driving deforestation and forest degradation out of European markets with the EU Action Plan on Deforestation and Forest Degradation and the Amsterdam Declaration "Towards Eliminating Deforestation from Agricultural Commodity Chains with European Countries". Other notable developments include the Central Africa Forest Initiative, TFA 2020 Africa Palm Oil Initiative, CFA Commonwealth Canopy Initiative, and the New York Declaration on Forests.

WWF has been and continues to be actively involved in advocacy, influencing and in some cases supporting the work under these agreements – including with Sida's support. This year's joint WWF/ISEAL report *SDGs mean business: How credible standards can help companies deliver the 2030 Agenda* is one example of the global advocacy work WWF carries out. It illustrates how credible sustainability can help accelerate progress on many of the SDGs while delivering direct benefits for companies and small-scale producers.

Throughout the past reporting year significant positive developments were made in engaging an increasing number of producers on all of WWF's priority commodities, through stepwise approaches to and beyond certification. The focus on smallholders increased, with work on increasing inclusiveness of certification and global supply chains, improving livelihoods and a better understanding of gender issues in the target sectors of the programme. The results highlighted in the dashboard at the beginning of the report speak for themselves, with tens of thousands of additional producers reached and continued increases in total volumes of certified production.

The Accountability Framework Initiative recognizes the importance of rigorous implementation of private sector commitments to deforestation-free supply – chains and the need to make harmonize these in order to allow tracking across supply-chains. The initiative aims to ensure that the range of efforts aimed at implementing corporate 'deforestation-free' commitments adhere to high standards of rigor and credibility, contributing to the ultimate goals of halting ecosystem destruction and conversion, and ensuring the wellbeing of rural producers, workers, and communities.

The support of major global tuna canners and their suppliers in the Indian Ocean FIP is another case in point highlighting the important role the private sector can play. Similarly, the European Tuna Fleet

FIP includes the umbrella organization OPAGAC (OPAGAC is an organization of producers of frozen tuna recognized in Spain by the Ministry of Agriculture, Fisheries and Food). This illustrates the power of the sustainable supply-chain approach with producers and sourcing companies jointly taking responsibility.

The work to incentivize better investment and lending practices in financial institutions has kept up momentum, building and expanding on last year's achievements and the relationships forged in the process. Progress continues to be especially remarkable in Southeast Asia, helping to build and strengthen the enabling environment for better production and sourcing in a key region.

Over the past year, we have given increasing consideration to understanding the right place and most effective use of sustainability certification in our portfolio of tools and approaches. While this is partly related to the strategic changes WWF has just undergone, it is also part of the broader discussion regarding the future of certification. Important technological changes could both challenge and dramatically improve the effectiveness and efficiency of sustainability certification, and there is an understanding that we must scale up impact 'beyond islands of excellence'. The term 'beyond certification' is used to refer to a number of emerging approaches, though many of these build on the progress, lessons and methods developed by sustainability certification schemes.

Among these, landscape approaches are currently receiving the greatest interest and investment. Jurisdictional sourcing is one specific model of a landscape approach that is particularly relevant for market transformation work. It builds in many ways on the strategies and approaches we currently use: using large international supply-chain actors to drive or initiate change, creating incentives that form an enabling environment for all relevant stakeholders, promoting sectoral change and leadership, improving public policies and enforcement, developing financial instruments with the finance sector, and working through multi-stakeholder platforms that allow inclusive decision-making and empower the weakest. But the popularity of these approaches should not distract from the fact that, while they hold a lot of promise, many are still at the pilot stage and many unresolved questions remain. Lessons from the work on market transformation can help inform and develop these. 'Beyond certification' is a fascinating space which we will continue to invest in during the final year of the programme.

In conclusion, the past year has seen many positive steps in which WWF and its partners have been involved in the journey to tip markets towards sustainability. We have also made progress in further fine-tuning the strategy, making it more inclusive and improving its effectiveness in addressing poverty, with a stronger focus on small farmers and gender. We are further helping to develop landscape approaches that would allow impacts to be scaled up beyond certified production areas, by sharing lessons, tools and approaches developed as part of the market transformation strategy, including sustainability certification. With the convergence of the global climate and poverty alleviation agendas we now have an unprecedented global enabling environment in support of market transformation: the necessity for better production and consumption and the pivotal role of the private sector in leading the change are widely recognized. We will work with the global WWF network to maximize the opportunities that arise from this historic situation throughout the final year of the programme and beyond.

Annex I Glossary of Acronyms and Abbreviations

AIP	Aquaculture improvement project
ASC	Aquaculture Stewardship Council
BCI	Better Cotton Initiative
BMP	Better management practice
BRIICs	Brazil, Russia, India, Indonesia and China
CGF	Consumer Goods Forum
CSPO	Certified Sustainable Palm Oil
CSR	Corporate social responsibility
ESG	Environmental, social and governance
FIP	Fisheries improvement project
FSC	Forest Stewardship Council
GFTN	Global Forest and Trade Network
HCV	High Conservation Value
IATTC	Inter American Tropical Tuna Commission
IOTC	Indian Ocean Tuna Commission
MSC	Marine Stewardship Council
MTI	Market Transformation Initiative
NGP	New Generation Plantations
RFMO	Regional Fisheries Management Organization
RSPO	Roundtable on Sustainable Palm Oil
RTRS	Round Table on Responsible Soy
SFI	WWF Sustainable Fisheries Initiative
SMEs	Small and medium enterprises
TRAFFIC	The Wildlife Trade Network, a joint programme of WWF and IUCN
WCPFC	Western and Central Pacific Fisheries Commission

Annex II WWF Priority Developing Country List

Angola	Laos
Belize	Madagascar
Bhutan	Malawi
Bolivia	Malaysia
Botswana	Maldives
Brazil	Mozambique
Burundi	Myanmar
Cambodia	Namibia
Cameroon	Nepal
Central African Republic	Pakistan
Chile	Panama
China	Papua New Guinea
Colombia	Paraguay
DRC	Peru
Ecuador	Russia
Gabon	Seychelles
Guatemala	South Africa
Guyana	Sri Lanka
Honduras	Tanzania
India	Thailand
Indonesia	Uganda
Iran	Vietnam
Ivory Coast	Zambia
Kenya	Zimbabwe

Annex III Engaging Producers in Better Production FY 2017

WWF monitors Market Transformation Initiative's progress with regards to outcomes and impacts achieved between July 2016 and June 2017 based on the Results-Based Management (RBM) framework. All baselines are based on information collected in August 2014, unless otherwise indicated.

For wild-caught and farmed fish – the following numbers focus on globally significant target species. However, it should be noted that the standards (MSC and ASC respectively), tools and systems are applicable to all species and contribute to the strategy of Sustainable Production at Scale.

Timber, pulp and Paper

Evolution of FSC – certified forest area 2014–2017

As of June 2017, 198.8 million hectares in 82 countries of forest area were certified under FSC standards globally, which represents approximately 17 per cent of total production forests. The area of FSC and its share in global production forest has seen a gradual increase from 12 per cent to over 17 per cent in the last three years--a growth of 14 million hectares in FSC-certified forest areas around the world since 2014 (Figure 11), area roughly the size of Bangladesh. This was achieved despite the more stringent environmental and social requirements issued by FSC and perceived high cost associated with compliance.

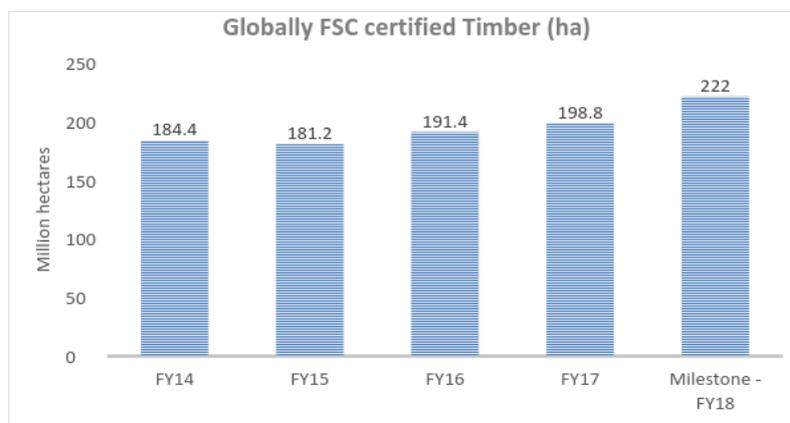


Figure 11: Globally FSC - certified area 2014 - 2017

In WWF's priority developing countries, 71 million hectares were managed according to FSC standards, showing a 11 per cent increase from 64 million hectares in FY16 (FY16 was set as the baseline as no previous tracking took place regarding FSC uptake in WWF's priority places).

Engaging Producers in Better Production

Key projects and direct results with regards to smallholder engagement are highlighted in the following table:

Table 4: Smallholder Engagement Projects

Forestry: Smallholder Engagement projects		
Area	Description	Direct Results
Bolivia	WWF Bolivia has been supporting the development of the National Forest (Legality) Certification in Bolivia to help indigenous communities improve practice and access to markets. With the support of WWF, the Forest and Land Authority of Bolivia (ABT), through the National Forest (Legality) Certification program under the SBCBI (Bolivian System of Certification with Incentives), carried out performance evaluations of 26 forest management units owned by Community Forestry Organizations (OFC). The SBCBI will provide incentives to OFCs in good standing to reward their demonstrated commitments and responsibility in the execution of their PGMF (General Forest Management Plans). WWF is supporting the forestry authorities in approving the decree that will allow communities to enter the market with added value products.	<ul style="list-style-type: none"> • Increase in areas under certified forest management
Colombia	WWF Colombia, together with the Ministry of Environment, launched a community forest monitoring project in the Amazon Eco-Region (Caquetá and Guaviare). The project supports two pilots for the implementation of community-based land management and monitoring covering 47,000 ha. Two groups of community environmental guards were formed and are being trained with support from WWF. A monitoring and reporting system for data collection and analysis is being developed to monitor progress.	<ul style="list-style-type: none"> • Community based management (agency) • Local capacity development for on-going monitoring of forest cover
Greater Mekong	WWF has significantly increased its engagement with smallholders to make sustainable silviculture models more accessible and inclusive across the region. WWF's Greater Mekong Forest Project encourages responsible production by small-scale producers in the region by promoting FSC certification as a way to drive sustainability and draw smallholders into the international market. Scaling up on-going work with smallholder farmers is crucial as the Greater Mekong region is predicted to become one of the world's hottest "deforestation fronts" over the next 15 years if business as usual continues.	<ul style="list-style-type: none"> • Protect forests in critical deforestation fronts • Smallholder inclusiveness • Better forest management practices • Market access
Vietnam	WWF Vietnam is supporting the Quang Tri Smallholder Forest Certification Group. The FSC-certified group includes 517 smallholders on 1,393 hectares of plantations in 30 sub-associations and 51 villages. Importantly, the Vinh Tu commune in Quang Tri province is a pilot site for the Forest	<ul style="list-style-type: none"> • Increased biodiversity, improved water and soil quality

	<p>Certification for Ecosystem Services (ForCES) project – see Section 5 on Sustainable Investing. Environment results include limited clear cuts, prescribed burning and protection of buffer zones leading to increased biodiversity, improved soil and water quality. Livelihoods are improved and enhanced through market access and direct linkages leading to improving income.³²</p> <p>In the foothills of Vietnam’s Annamite mountains, hundreds of small forest owners are joining forces to produce sustainable acacia used in furniture around the world.</p> <p>As a crucial step to making FSC work for smallholders, GFTN participant Thuy Son Company (a smallholder managing a plantation of 600 ha) successfully received FSC certificate. Two additional companies are being recruited to GFTN – Bao Chau Private Enterprise and Song Kon plantation company – with baseline appraisal being conducted.</p>	<ul style="list-style-type: none"> • Enhanced livelihoods enhanced through direct market access • Smallholder sustainable practices and access to markets • Smallholder inclusiveness in sustainable practices
Thailand	<p>WWF Thailand began working with an IKEA supplier to develop rubber smallholders’ sustainable silviculture model. In partnership with IKEA, WWF-Sweden and WWF-Switzerland, WWF Laos continues to support communities obtain FSC certification for rattan plantation and deliver FSC-certified rattan handicrafts to Coop, one of the largest retailers in Switzerland. Since the inception of the WWF Sustainable Rattan Program, 93 families have joined handicraft groups, generating up to US\$ 20,000 from selling their products. As a result of WWF efforts, the production of handicrafts from rattan and bamboo has become the main source of income for the communities. The stories have been promoted by Lao News Agency³³.</p>	<ul style="list-style-type: none"> • Smallholder sustainable practices and access to markets
Indonesia	<p>WWF Indonesia is working with The Katingan Farmers Rattan Group, or P2RK, which represents more than 200 farmers of rattan in Central Kalimantan. . Additionally, WWF is actively supporting community forestry in three regions in East Java, in a landscape of 15,800 ha and thousands of community members participating in forest management trainings.</p> <p>Recognizing the importance to deal with social conflict between forest companies and local communities, WWF in collaboration with Ministry of Environmental and Forestry (MoEF) and Wana Aksara (a research institute) is developing guidance for mapping and resolving conflict in forest concession areas. On August 16th, 2016, a socialization of this conflict resolution regulation was held in Jakarta, attended by 331 participants from forest concession holders, associations, forest consultants and other relevant stakeholders.</p>	<ul style="list-style-type: none"> • Community based management (agency) • Reduced conflict • Smallholder sustainable practices and access to markets
Congo Basin	<p>In the Congo Basin, WWF continuous to provide trainings to civil society organizations (CSOs) on issues relating to Environmental and Social Impact Assessment, independent forest monitoring, advocacy, and combating illegal logging to help improve local CSOs effectiveness in the fight against illegal logging. Among others, the following organizations were</p>	<ul style="list-style-type: none"> • Institutional strengthening of local CSOs: 140 organizations benefiting

³² http://gftn.panda.org/newsroom/gftn_news/?255415/Further-certification-success-for-Vietnams-Quang-Tri-smallholders

³³ <http://kpl.gov.la/En/Detail.aspx?id=18579> and <http://kpl.gov.la/En/Detail.aspx?id=18623>

	involved in forest monitoring, advocacy work and as partners to combat illegal logging: TRAFFIC (Gabon, DRC, Cameroon), ASTEVI (Cameroon), Gabon ma terre, mon droit, CAGDF (Rep. of Congo), over 100 organizations in DRC, and over 40 in CAR.	
--	---	--

Other notable progress with respect to forest management includes:

Table 5: Uptake by producers

Forestry: Uptake by producers		
Area	Description	Direct Results
Cameroon	<p>In May 2017 GFTN Cameroon participant Wijma achieved FSC certification adding another 100,000 ha to its FSC certificate. The company now manages 414,000 ha under a FSC certificate.</p> <p>In December 2016, WWF Cameroon signed an agreement with Alpicam, an Italy-based forest management company managing over 350,000 hectares of forest, to achieve FSC certification of the entire area under its management.</p>	<ul style="list-style-type: none"> • Implementation of better forest management practices
Indonesia	<p>GFTN Indonesia participant PT. Graha Sentosa Permai, with forest concession located in Central Borneo with the total area of 44,970 Ha, received FSC certification in March 2017.</p> <p>Another forest concession PT Jati Dharma Indah, located in Nabire, Papua Province, successfully completed their FSC main assessment in May 2017 and is on its way to become the fourth forest concession in Papua to receive FSC/COV certificate. The concession covers the total area of 130,000 Ha and Merbau as their main products</p>	<ul style="list-style-type: none"> • Protection of critical forest fronts

Wild-caught fisheries

Evolution of MSC – certified fisheries 2014–2017

As of June 2017, 312 fisheries in over 30 countries are certified to the MSC standard for sustainable fishing, demonstrating their commitment to healthy ecosystems and the long-term sustainability of fish stocks. A further 91 fisheries are in assessment to become MSC certified in the upcoming years. By comparison, in FY14 only 216 fisheries were managed according to MSC standards, showing a 44 per cent increase over the past three years.

The number of commitments to work toward WWF-supported standards has been increased since 2014, due to several WWF-Fisheries-Improvement-Projects especially in the Indian Ocean and with the European Tuna Fleet. In total, in FY17, there were 7 WWF-led FIPs and another 12 Fisheries in Assessment.

MSC – certified tuna

With regards to wild-caught tuna, 14 tuna-fisheries and about 981.844 tonnes of tuna catch (yellowfin, albacore and skipjack) were MSC certified end of FY 2017 (Figure 12). This represents about 20,4 per cent of the global production. 7 tuna fisheries were in assessment and 5 were withdrawn end of FY 2017. The small dip in the amount of MSC caught wild tuna compared to the previous year is attributed to several factors. It is important to consider that while growth in the uptake of sustainability standards such as MSC is an SFI/MTI objective, this is only meaningful from a sustainability perspective if the credibility of the standard is maintained, and if the certified entities meet all the requirements of certification.

In the reporting year, 17 fisheries were suspended as they did not fulfil the MSC requirements. Fisheries can also choose to withdraw from the program for a variety of reasons, and are not required to provide the MSC with the reason for their withdrawal. In 2016, 16 fisheries chose to withdraw from the program.

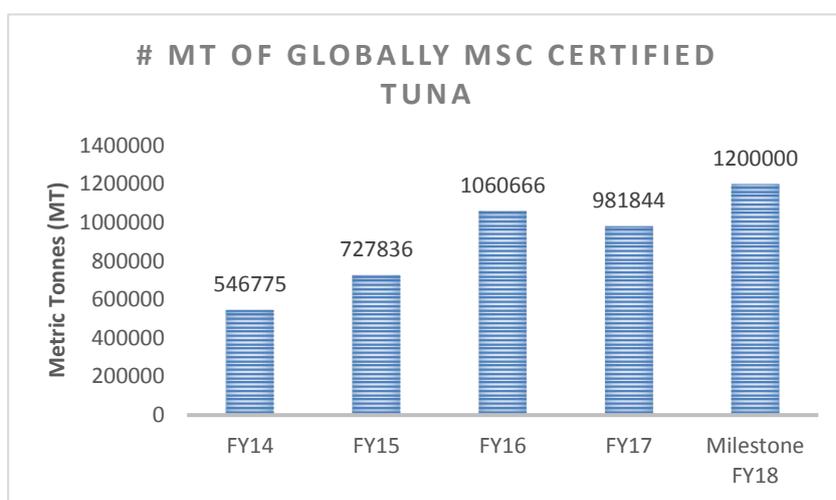


Figure 12: Globally MSC-certified Tuna 2014 – 2017

Engaging Producers in Better Production

Key projects and direct results are highlighted in the following table:

Table 6: Tuna Overview Producer Engagement

Tuna: Brief overview and key highlights per country/region		
Area	Description	Direct Results
India	As a key part of WWF's work to engage the most challenging coastal states in moving towards sustainable management of fisheries, first stakeholder workshop for the Indian Lakshadweep pole & line skipjack tuna fishery, was held in India. This workshop was organized as part of a FIP development process to bring key stakeholders together to develop a common understanding on the importance of and process for MSC certification for the Lakshadweep pole and line fishery, and present and discuss results of the pre-assessment conducted by qualified MSC assessors, discuss and agree on the issues	<ul style="list-style-type: none"> • Shared plan and vision • Coalition building

	<p>to be addressed by the FIP Action Plan and consider how these issues might best be addressed, which could then form the basis of the FIP project. This workshop and the forthcoming work creates vital linkages with key Indian fisheries officials and authorities which contributes to the successful formation by WWF of an effective North Indian Ocean coalition of coastal states which have significant influence on IOTC advocacy efforts.</p>	
Pakistan	<p>WWF-Pakistan has engaged consultants to conduct initial scoping studies for a tuna FIP in Pakistan. An additional workshop with delegates from Pakistan, Iran, Sri Lanka, the Seychelles, Madagascar and the IOTC was held in Karachi (Pakistan) on the specific aspect of transparency as a precondition for sustainable management and certification. Several technical tools and procedures were introduced and discussed. Follow up steps and international working groups have been initiated.</p> <p>Crab fishing communities of the Baluchistan area cooperated in improving the quality of crab-products and the fisheries have been able to create price premiums using cooling facilities to improve the product.</p>	<ul style="list-style-type: none"> • 60 participants trained • Improved quality • Price premiums
Coastal East Africa	<p>WWF - Coastal East Africa, supported by funds from Thai Union Europe has been working to ensure effective reporting of artisanal (or small scale) tuna catches to the Indian Ocean Tuna Commission (IOTC). Many coastal states have difficulty in collection and reporting of fishery catch data to fulfil IOTC obligations and this work, if successful, may be scaled up.</p> <p>Key Shrimp fisheries vital to sustain the livelihoods of communities in Coastal East Africa are adopting more sustainable fishing practices; transparency has improved, habitat destruction is minimized, stocks are harvested in accordance to scientific advice, and the fishing operation catches less 'non-target' species. During the reporting period Terms of Reference for deep Water Shrimp management plan were adopted and a consultant will be commended to draft management plan.</p>	<ul style="list-style-type: none"> • Improved data management • Improved transparency • Adaption of better management practices • Less by catch • Reduced habitat destruction

Marine Areas Beyond National Jurisdiction (ABNJ), commonly called the high seas, are those areas of ocean for which no one nation has sole responsibility for management. ABNJ make up 40 per cent of the surface of our planet, comprising 64 per cent of the surface of the oceans and nearly 95 per cent of its volume.³⁴

Urgent action is needed to improve management of many ABNJ fisheries and strengthen protection of related ecosystems, as they suffer from what is commonly known as the 'tragedy of the commons'. WWF addresses this directly through workshops and trainings. To increase awareness and strengthen local capacity for implementation of better management principles:

³⁴ <https://www.thegef.org/topics/areas-beyond-national-jurisdiction>

Table 7: Areas Beyond National Jurisdiction (ABNJ) training

<p>Western and Central Pacific Ocean Tuna Harvest Strategies Capacity Building</p> <p>Bali, Indonesia 1-2 August 2017:</p>	<p>A capacity building workshop was held with a goal to create a better understanding among Western and Central Pacific Ocean States of the precautionary approach, Harvest Strategies (HSs) and management strategy evaluation (MSE) for sustainable tuna fisheries. Interest in the workshop was underscored by the participation of 28 individuals from 10 countries, representing a diverse range of roles and experience in Western and Central Pacific Fisheries Commission (WCPFC) processes.</p> <p>The workshop featured an agenda of creative interaction and dialogue among participants, aimed at providing hands on opportunities to learn harvest strategy concepts and run mock-simulations of management strategy evaluations of harvest control rules. Presentations and facilitation were given in English, but where possible, written materials also were provided to participants in French. Breakout sessions were conducted in English, with the assistance of a French resource individual and glossaries translated into Bahasa Indonesia, Mandarin, Vietnamese, Korean, and Japanese.</p>
<p>Indian Ocean Tuna Harvest Strategies Capacity Building</p> <p>Colombo, Sri Lanka 22-23 March 2017:</p>	<p>The capacity building workshop was held to create understanding among Indian Ocean States of the precautionary approach, Harvest Strategies (HSs) and management strategy evaluation (MSE) for tuna fisheries. Participation of 29 individuals from 15 countries that are members of the Indian Ocean Commission (IOTC).</p> <p>Evaluation results from the workshop indicated that attendees gained an increased understanding of the importance of HSs and significantly increased both their knowledge of HS principles and concepts and also their confidence in being able to apply them in Commission settings. Participants expressed a strong need for Commission assistance for additional resources to enhance in-country training and engagement of managers, fishers and stakeholders, as well as to develop national level science expertise to support Commission level HS processes. There was strong support among workshop participants for sustainable tuna management enabled by deliberate management strategy evaluation of trade-offs among potentially competing management objectives.</p>

Farmed Fish

Evolution of ASC – certified fisheries 2014–2017

The total volume for all farmed species covered by ASC standards increased from 930 656 MT last year to 1,196,005 MT today. WWF helped many of the farms on their way to ASC certification, implementing better management practices with aquaculture farms.

Over the past year, WWF has continued its work with salmon and shrimp farms to provide support implementing better management practices to achieve ASC certification. By the end of FY17, 202 salmon farms producing 587,315 MT salmon & 94 shrimp farms producing 138,825 MT were managed according to ASC standards, showing a significant increase from only 9 salmon farms (producing 168 600 MT) and 16 shrimp farms in FY14.

The increase in number of farms managed according to ASC standards has also significantly increased across species and in priority areas. See Figure 13 and detail description below.

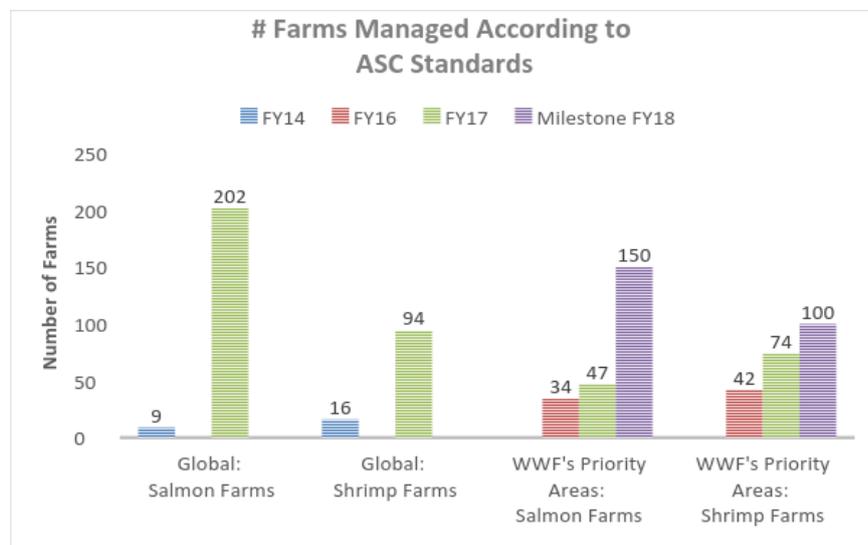


Figure 13: Number of Farms managed according to ASC standards globally 2014 - 2017

Globally, both salmon and shrimp certification continues to show upward trend with roughly 30 per cent of the globally farmed salmon industry and 4 per cent of shrimp farms now being ASC certified. By comparison, in FY14 only 1 per cent of global salmon production and 0 per cent of shrimp production were certified. The Global Salmon Initiative (GSI) representing over 50 per cent of the industry takes up around 15 per cent of globally ASC certified farms.

In WWF's priority developing countries, 47 salmon farms and 74 shrimp farms were managed according to ASC standards, showing a 38 per cent and 76 per cent increase from 34 and 42 farms respectively in FY16 (FY16 was baseline year). There is remarkable progress happening regarding ASC uptake, however more work needs to be done in order to achieve WWF's milestone of certifying 150 salmon and 100 shrimp farms in FY18.

The number of ASC Chain of Custody Certificate holders has increased from 970 in FY16 to 1251 at the end of FY17 (many of these are in developing countries). The number of WWF corporate partnerships that include a commitment to ASC certification of their farmed seafood products increased by 6 new partnerships this year, from 56 in FY16 to 62 in FY17.

Engaging Producers in Better Production

Key highlights and direct results from the previous year are highlighted in the following table:

Table 8: Farmed Fish Overview Producer Engagement

Farmed Fish: Key highlights per country/region		
Area	Description	Direct Results
Thailand	First major shrimp producer Best Aquaculture Partners (BAP) became ASC-certified through a WWF –Thailand Aquaculture Improvement Project (AIP) that analysed existing gaps and helped BAP to implement better management practices, which eventually led to certification.	<ul style="list-style-type: none"> • Implementation of better social & environmental management practices
Madagascar	First African shrimp producing company, Unima, became ASC certified for its aquaculture farm Aqualma. More than 60% of the farmed shrimp in Madagascar is produced by Aqualma and eventually exported to Europe. Europe is the main consumer of Madagascar shrimp, with imports exceeding 400 000 tons of tropical farmed shrimp per year.	<ul style="list-style-type: none"> • Implementation of better social & environmental management practices • Expanded market access
Chile	<p>WWF-Chile and Blumar S.A. (salmon producer) signed a MOU to ASC certify 100% of their farms. First stage of the AIP (gap analysis) has been completed for their 24 active sites with 6 of those sites entering assessment in December 2017.</p> <p>Salmon producer Los Fiordos renewed their existing MOU with WWF-Chile. To date, there are 18 farms certified from in total 72 active sites, however with signing the MOU, Los Fiordos has committed to continuing their work on achieving 100% ASC certification on all of their of their farms</p> <p>Support was provided for the certification of several mussel culture farms for Blue Shell (Chile’s first mussel processing plant). In 2015, Blue Shell attained Best Aquaculture Practices (BAP) certification and has now become the second Chilean Mussel company with ASC certification. In the upcoming year, Blue Shell has committed to continue working on certifying all of their sites.</p> <p>2 WWF staff members attended the ASC auditor training to improve technical capacity and skills for implementation</p>	<ul style="list-style-type: none"> • Broadened area and species covered under BMPs and certification • Increased company commitments • 2 WWF staff trained ASC auditors
Malaysia	<p>WWF-Malaysia has 3 tropical marine fin fish farms (Grouper, Snapper, Barramundi, Pompano) in AIP’s entering the implementation stage with significant progress. All 3 farms are eager to enter ASC once the new standard is finalised.</p> <p>Additionally, 1 shrimp farm has entered an AIP with WWF-Malaysia and will shortly undergo pre-assessment.</p>	<ul style="list-style-type: none"> • Increased commitments • Increased BMP adoption

Indonesia	<p>To raise awareness and promote sustainable seafood production, the Seafood Savers Initiative (WWF Indonesia Initiative for Responsible Fisheries) continues to engage with local companies. Currently WWF-Indonesia is supporting 4 companies (plus one additional company will join the programme shortly) to achieve ASC standards in several locations. Apart of that, WWF-Indonesia is also managing an AIP for several commodities, i.e. seaweed, tilapia, and milkfish.</p> <p>Training sessions held throughout the region including Shrimp farming School for better management practices, group formation and administration, water quality and Seaweed BMPs.</p>	<ul style="list-style-type: none"> • Increased commitments • Increased BMP adoption • Broadened scope • 38 training workshops
Vietnam	<p>WWF – Vietnam is promoting AIPs by applying Data Envelopment Analysis (DEA) for efficient use of natural resources and less discharge to showcase the benefits of ASC certification. The results of the analysis are used for engaging producers (particularly small-scale farmers) in becoming ASC certified. WWF-Vietnam is also engaging international buyers joining the shrimp supply chain as global commodities and sharing costs to support producers moving to ASC.</p> <p>Various training sessions were held on sustainability, better management practices, risk analysis, disease management and water quality improvement.</p>	<ul style="list-style-type: none"> • Demonstrate value - Cost benefit analysis • Supply chain commitment for investment • 17 training workshops
India	<p>WWF-India initiated an ASC certification project in Andhra Pradesh, a region that counts for the largest number of shrimp farms in the country. Two participating farms, producing together as much as 330 MT of farmed shrimp per year, have been certified this financial year: first certified shrimp farms in India! In total, there are 13 certified farms in India.</p> <p>1 Indian shrimp aquaculture training session to raise awareness of ASC standards and to begin conducting gap analysis.</p>	<ul style="list-style-type: none"> • Adoption of BMPs • Leading companies certified • Awareness and knowledge

Palm Oil

Evolution of RSPO-certified commodities 2014–2017

As of June 2017, 11.8 million tonnes out of a total production of 58.3 million tonnes of palm oil production was certified globally. This is approximately 21 per cent of the total global palm oil production. By comparison, in FY14 only 13.7 M MT or 16,3 per cent of the total global production was certified, showing a 5 per cent increase over the past three years (Figure 14). The key reason for the drop in CSPO volumes in 2016 was a result of a major producer, IOI being suspended and another one (FELDA) withdrawing voluntarily from the RSPO (fearing it was going to be suspended). The former has subsequently been reinstated and the latter will seek certification progressively for its units over the next 3 years as they get back on track.

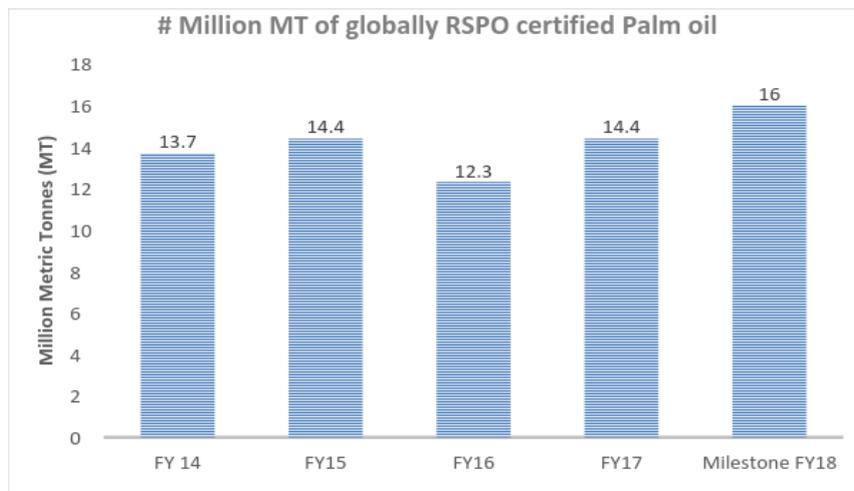


Figure 14: M MT of RSPO - certified palm oil 2014 – 2017

By July 2017, 2356 companies and 4117 facilities had achieved RSPO supply chain certification. This means that between 2014 and 2017, the number of companies and facilities with Chain of Custody (CoC) certificates more than doubled (Figure 15). The General Chain of Custody requirements of the RSPO Supply Chain Standard apply to any organization throughout the supply chain that takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.

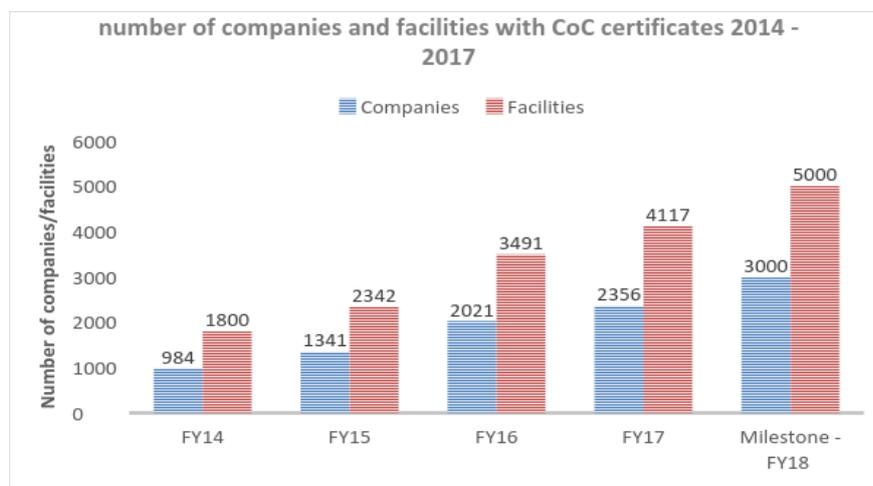


Figure 15: Companies and Facilities with CoC Certificates 2014-2017

Cotton

Evolution of BCI – certified commodities 2014–2017

To date, Better Cotton Initiative is being implemented in 23 countries on 5 continents. 2.5 M MT of cotton production is being certified globally (Figure 16). This is approximately 12 per cent of the total cotton production. By comparison, in FY14 only 3.7 per cent of the total global production was certified.

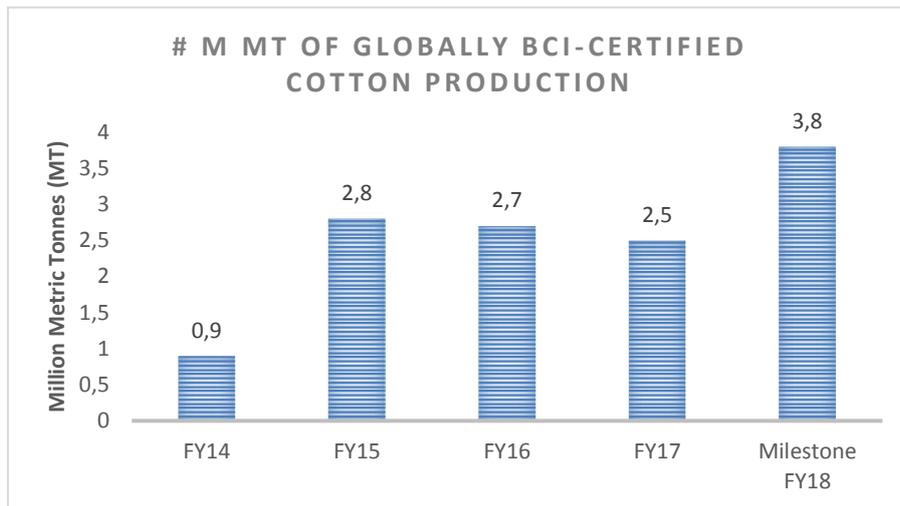


Figure 16: M MT of globally BCI-certified cotton production 2014-2017

Annex IV WWF Certification Assessment Tool (CAT)

To be effective, certification schemes need to have operational standards that are strong enough to deliver real positive impacts on the ground. And they need to have a strong governance structure and systems in place to ensure that the standards are applied. WWF has developed the Certification Assessment Tool (CAT) to test the strength of certification systems and their standards on issues that matter to us and many other stakeholders worldwide. The CAT is based on our experience of working with a wide range of commodity certification schemes.

WWF uses CAT assessments to help identify areas for improvement so these can be addressed as part of a scheme's efforts to further refine and strengthen its systems and requirements. The CAT also provides a transparent bar for considering whether a scheme is credible according to WWF requirements. The ultimate objective is to enable better production practices on the ground for the commodity in question. For example, strengthening the principles and criteria of these standards aims at further reducing negative environmental and social impacts and at mainstreaming improved production methods. This should ultimately benefit producers.

The tool has a scoring methodology to assess a scheme's governance, and procedures as well as its social and environmental strengths and weaknesses. No standard is expected to perform 100 per cent against the CAT.

Two key highlights for the past year was the launch of the improved CAT Version 4 which incorporated key water criteria and the first CAT for Aquaculture, both further described below. The new version (CAT V4) was launched the end of 2016, incorporating lessons from the implementation of previous versions. With each assessment, WWF, standards and standard users are learning and improving the content of the assessment. The improved Version 4 specifically addressed requests by the Freshwater team to incorporate water related criteria that were underrepresented. Several material waters issues were highlighted in the 2015 report: "Strengthening Water Stewardship in Agricultural Sustainability Standards - Framing collaborative solutions to mitigate water risks"³⁵. Based on this report, several criteria were proposed, tested and integrated. This made the new version more relevant internally and externally and responsive to identified risks. There has been good uptake of the CAT V4.

Another highlight in the past FY was the work on version 1 of the Aquaculture CAT. This has been a long process but at the end of year 2016 the proposed CAT was broadly endorsed by the WWF network colleagues working in the aquaculture area. The first pilot assessment was conducted of 5 leading global standards in Aquaculture - ASC Salmon, ASC Shrimp, GAA BAP Salmon, and GAA BAP Finfish and Crustacean farm standards, and the GLOBAL G.A.P. Aquaculture module. These results were used as an internal pilot study to identify areas where the CAT could be improved, as well as differences across the standards. The proposed improvements are under review and being considered in terms of integrating the Excel based tool into the UN ITC's online web platform.

The new CAT 4 and the Aquaculture CAT are both in Excel, with plans to integrate the requirements in the online UN International Trade Centre (ITC) Standards Map Database this year. This will automate the lengthy process of organizing the standard requirements and allow the focus to be on interpretation and analysis of the assessment. In addition, the ITC database builds upon existing data inventories around standards and will allow for broader use and accessibility. WWF works to ensure the assessments continually evolve with emerging issues and improved knowledge on impacts. The Global Standards and Certifications Team (GSCT) is made up of 6 members from different practices and provide quality assurance through overall review/control of the assessments.

³⁵ <http://wwf.panda.org/?247219/Agricultural-standards-can-do-more-to-mitigate-risk-in-commodity-production>

Annex V Impact Studies

Table 9: Impact Studies

Impact Studies	
Socio-economic Impact Evaluation for Indian Ocean Tuna FIPs and MSC Certification	
<i>Description</i>	<i>Uptake</i>
<p>The key objective is to assess the social impacts on fishers involved in fisheries in the northern Indian Ocean. A research survey questionnaire was developed through engagement with stakeholders, research partners and experts from the WWF Network. Training workshops were held from 8–12 August 2016 and 25–28 December 2016 and the field survey was carried out from 3-11 January 2017. 323 households related to Yellowfin tuna fisher settlements were identified through a random methodology and surveyed in the coastal area of Gwadar, Sur Bundar and Gunz in Baluchistan province, Pakistan. To evaluate the impacts of the fisheries improvement project (FIP), FIP survey was conducted on a sample of 12 settlements which included 7 FIP settlements (190 FIP households) and 5 comparison sites (128 non-FIP households). Preliminary results have been shared with government and research partners and discussions have revolved around how best to use the data for to improve management practices.</p>	<ul style="list-style-type: none"> ● Internal learning and improve management practices ● Baseline assessment ● Local evaluation capacity developed
FSC Biodiversity Impact Evaluation in Peruvian Amazon	
<p>The key objective is to assess whether the application of FSC standards supports the conservation of biodiversity in tropical natural forests. A pilot study in 2015-16 identified a set of biological indicators for cost-effective long-term monitoring of wildlife habitat disturbance and hunting pressure in the Peruvian Amazon. The results of the pilot study from 2015 guided the design and implementation of a larger scale study in the FY17-18. The new design applies acoustic sampling and camera trapping methods, with 72 sampling stations distributed across 3 logging concessions in Madre de Dios, Peru. Recorders and cameras were installed between June and July 2017 and are left in the field for one and a half months. The data will be retrieved and analysed with partners in late 2017.</p>	<ul style="list-style-type: none"> ● Baseline assessment ● Innovation in monitoring and evaluation tools ● Local evaluation capacity developed
Monitoring ASC Salmon and FSC (P&P) Impacts in Southern Chile	
<p>A set of 11 indicators were designed and being measured on field based on key environmental and social variables associated to both ASC /FSC standards. For social variables, the project is monitoring mechanisms of conflict resolution for natural resource use and local population's access to natural resources, and capacity for resource governance. For the ASC impact evaluation, Indicators were measured during summer FY16 and FY17 at two sites with salmon farms in the Chiloense Marine Ecoregion. Data comparison was made based on differences between certified and non – certified centres. One last measurement is schedule for summer FY18. For the FSC impact evaluation, Indicators were measured on two independent landscapes (at least three sub-landscapes within them) and comparison between satellite imagery (2008 and 2016) were developed</p>	<ul style="list-style-type: none"> ● Baseline assessment ● Innovation in monitoring and evaluation tools

Annex VI Standard Impact Assessments

Detailed information on Impact studies related to specific standards:

Timber, Pulp and Paper: Impacts

WWF has successfully built a community of practice around FSC impact evaluation through collaboration with research institutions, universities, ISEAL Alliance, as well as companies and certification bodies. Building on the previous WWF-supported research in Indonesia, Peru and Cameroon, WWF, the Nature Conservancy (TNC), and four universities jointly launched a remote-sensing-based meta-study of FSC impacts on forest cover change. This research covers at least six geographies including WWF priority places. WWF and TNC co-hosted a workshop to finalize the methodology and analysis. WWF is leading a synthesis paper to be presented at the IUFRO Conference in September 2017. In areas where empirical evidence is lacking (such as biodiversity impacts), field-based research in Peru, Cameroon, and Chile are now underway to evaluate the impact of FSC-certified logging with non-certified and comparable logging.

WWF is in collaboration with ISEAL Alliance to develop various impacts guidance and knowledge products through its participation in the Value Impact Assessment (VIA) initiative (see next Section).

In addition to research, WWF, in collaboration with VIA Technical Advisory Group members (GreenPeace, Rainforest Alliance, ZSL, etc.) developed a motion on improving FSC monitoring systems and successfully submitted to FSC General Assembly (Motion 16).

Farmed Fish: Impacts

WWF-Vietnam carried out a cost and benefits analysis for ASC certified and non-ASC certified farms of both Pangasius and shrimp in Vietnam. The study aimed to help audiences to better understand the economic, social and environmental costs and benefits associated with ASC certification. Due to the limitations of the research in terms of sample size, comparison groups and causality, the findings from this case study are not conclusive and should not be generalized for ASC versus non-ASC certified farms. However, there are many lessons learned from the process and results which point to potential trends for further research in terms of reduced costs, avoided costs and realized benefits of ASC certification. The study also highlighted unintended effects (positive and negative) such as the very high bank loan interest rates for necessary investments, preferential land policies of governments for certified farms and quality of inputs. The findings, while not scientifically robust (statistically significant), enable WWF to identify focus areas for further research and provide input for internal learning.

Palm Oil: Impacts

Few credible impact studies have been completed so far and they do not create a very coherent nor compelling picture of RSPO. However the RSPO is fully aware that impacts is an area that should be strengthened, especially since RSPO joined ISEAL. They are creating a focussed Impacts unit in 2017 including an M&E Manager, Research & Advisory Manager and a Data Analyst and will develop a work plan accordingly.

Furthermore, RSPO has initiated the **Socially and Environmentally Sustainable Oil palm Research (SEnSOR)** programme, which is "a 5 year integrated multi-disciplinary research programme designed to fill key knowledge gaps in testing and developing the RSPO's Principles and Criteria for sustainability in oil palm agriculture".

The 1st phase has been completed, and the outputs can be seen on their website (www.sensorproject.net), a result of desk research and literature review. One report done with the Wageningen University on the "Costs and benefits of RSPO certification for independent smallholders" highlighted:

- Certification of independent smallholders changes market relations, and seems to increase access to training and technical support and access to agricultural inputs and finance. However, the effects of these changes are not yet quantified.
- Good agricultural management practices are shown to increase yields by 12 -30 per cent, and are predicted to increase income. Improving the uptake of good agricultural practices seems to be the most promising area for increasing the impact of RSPO certification on smallholders' livelihoods

This last point was integrated into the Board endorsed June 2016 Smallholder Strategy which focuses on creating value for smallholders to adopt sustainable production practices, with certification a possible add on to link to markets.

The SEnSOR Programme is now better resourced having received funding, and so an acceleration of outputs can be expected. The phase II project period (1 year 3 months) is slightly longer by comparison with phase I. There are 3 projects designed to test the following:

- HCV modelling project which aims to assess the impacts of HCVs in retaining suitable habitat and connectivity for biodiversity in certified plantations, which is scheduled to end in September 2017.
- Smallholder's project which aims to test the impact of certification on smallholders' land management and livelihoods, scheduled to be completed in Jan 2018.
- HCV project on biodiversity and carbon which aims to test impacts of RSPO certification in retaining biodiversity and carbon in oil palm landscapes, which is scheduled to be completed in Dec 2017.

Annex VII Engaging Companies to Make Responsible Purchase

Results that relate to specific standards are further detailed below:

FSC: Timber, Pulp and Paper

As of June 2017, GFTN had 93 trade participants, all with action plans to implement responsible sourcing practices. While the numbers of trade participants have been declining due to a high number of suspension or termination of participants for poor performance and strategic reasons, the volume of credibly certified (FSC) material produced and/or traded by GFTN participants remain relatively steady at about 90 million m³ (94.4 million m³ as of June 2017) and the volume of recycled material reached 9.1 million m³.

With respect to the trend of trade participants, strong growth is observed in North America and Asia, while Latin America and Western Europe have seen a steady decline. This, however, does not reflect the level of industry awareness or interest in sourcing FSC. Contrarily, the Western European markets have high level of FSC awareness and capacity, and therefore do not necessitate WWF's hands-on capacity building. In these markets, WWF office strategies have shifted to ensuring accountability in deforestation-free commitments, as well as other policy measures such as timber legality.

To recognize and encourage company efforts in reducing the forest, water and climate footprint of paper production WWF celebrated the Environmental Paper Awards in November 2016. The awards 2016 went to 106 paper brands for environmental performance, 5 paper producers for product transparency and 13 paper producers/merchants for their continual improvement efforts. At the same time, WWF has taken a strong stance against bad performers to send a clear message that destructive behaviours will face consequences. WWF-Indonesia withdrew from APRIL's "Stakeholder Advisory Committee" due to its lack of action and transparency, and WWF Germany and Australia brought the case of Schweighofer (HS) to FSC, which led to its probation.

Notable progress with respect to forest management includes:

Forestry: Corporate Engagement		
Area	Description	Direct Results
United States	Procter Gamble launched its first FSC labelled product, Charmin toilet paper, sold in the U.S. only. The company has reached its goal of sourcing 50% of its fibre as FSC certified, and will certify a second product in 2017, and a third in 2018.	<ul style="list-style-type: none"> • Demonstration of leadership across the sector by committing to a more credible standard • Stimulate market demand for more rigorous FSC certified materials
Australia	GFTN-Australia participant, Officeworks – Australia's major retailer of office supplies – Over 90% of private label office supplies products were either FSC certified or 100% recycled.	
Indonesia	GFTN-NA participant McDonald's has decided to label its global packaging products exclusively with FSC. This is a big win especially for European markets where McDonald's was being pressured to label with PEFC.	

WWF is building the business case for responsible sourcing aimed at industry audience. A report on the business and economic case for sourcing timber from responsibly managed forests was published, with a focus on the UK market. Following up on this, WWF launched a new report in May 2017:

Responsible sourcing of forest products: The business case for retailers. Given the leverage that the retailers have on their supply chains, this report with four case studies aims to influence more retailers by offering concrete examples where responsible sourcing initiatives have contributed to business interest. The report was covered in more than ten media outlets and partner channels, including prominent trade media such as EcoBusiness. The report reached more than 62,600 people on all social media channels combined.

MSC: Wild-caught fisheries

Over the past years, the demand for sustainably sourced fish has been increasing globally with the general increase in seafood consumption. The increased demand is primarily driven by increased consumption in the US, Europe and China. To meet the demand, producers are increasingly looking towards MSC-certification. The number of MSC Chain of Custody Certificate holders has increased significantly from 2543 in FY14 to 3700 certificate holders, operating in 37,00 sites by the end of FY17. MSC Chain of Custody certificate holders make sure that the product has come from a sustainable fishery. In 2016, approx. 75 per cent of the global catch was sourced from healthy stocks.

Engaging Buyers to Make Responsible Purchase

In October, 2016 WWF and the Organization of Associated Producers of Large Tuna Freezer Vessels (OPAGAC) finalised the action plan of the FIP to advance toward MSC certification for OPAGAC's fleet worldwide. The two parties have agreed on a roadmap after consultation with the FIP's Advisory Group, comprised of experts in tropical tuna of non-governmental organizations, the industry, scientists and fisheries managers, from both governments and Regional Fishery Organizations (ORP). This agreement signals the beginning in the implementation of the FIP to establish a framework of appropriate management and good fishing practices. OPAGAC, representing 40 purse seiners from seven countries operating in the three oceans, is committed to a demanding schedule of achievements for a significant improvement in their fishing operations and work with WWF to improve the sustainable management of tuna fisheries worldwide.

Further, in October 2016 the MoU was signed in Seychelles between WWF and 20 other parties for the Indian Ocean Tuna Purse Seine FIP, the most ambitious FIP yet launched, encompassing all sectors of the Indian Ocean purse-seine tuna industry from French and Spanish fleet owners to the major EU-based seafood companies, including Thai Union and Princes Ltd as well as Indian Ocean coastal states Seychelles and Mauritius. This new FIP is a direct result of WWF's work in the region over the last 4 years bringing together the most influential industry partners to support WWF's work towards sustainable tuna fisheries. The Indian Ocean Tuna Coordinator and staff from WWF-UK attended the initial stakeholder meeting for this FIP in Liverpool, UK in November 23–24 to discuss the actions planned for this FIP over the next 5 years, and met again to finalise the Action Plan at the headquarters of Thai Union in Paris in May 2017.

In Thailand, for the last two years WWF has worked in a partnership with Thai Union Europe (TUE), a major processor and exporter of canned seafood in Europe, to improve the sustainability of its supply chains. As part of the partnership TUE also provides funding to WWF's sustainable fisheries programme in East Africa. Last October, TUE's Sustainability Manager together with WWF's Indian Ocean Tuna Coordinator and WWF-UK staff travelled together to learn more about the on-going work on sustainable fisheries.

In Europe, Bolton – the largest tuna processor in Europe – and WWF have established a new partnership. Bolton has now committed to source fully transparent and traceable from either Fisheries in Improvement Projects (FIP) or certified fisheries. The suppliers of Bolton started to initiate FIPs.

ASC: Farmed Fish

Recent years have seen significant increase in demand of certified sustainable seafood from consumers and independent research has shown that independent labelling give credibility to these claims³⁶. Consumer demand creates a market pull for sustainably produced products, thus incentivizing the implementation of better management practices. If farmers invest in better management practices, they expect the market to reward or recognize this. If the product isn't differentiated in the market place, such as through certification – then companies and consumers cannot give preference to sustainably produced products. Certification assures the consumer that the product was actually produced under very specific sustainability requirement which was verified through an independent, 3rd party entity. This creates trust in the product, rather than it being seen as “greenwashing”.

Evolution of the Global Salmon Initiative 2014 – 2017

The Global Salmon Initiative (GSI) celebrated its 125th Farm achieving (ASC) Certification in 2017. The first GSI farm was awarded ASC certification in 2014, and since then tremendous progress has been made, with 10 farms certified in 2014, 45 farms in 2015, 55 farms in 2016, and an additional 15 farms in 2017 so far. GSI members now have ASC certified farms across 7 farming regions, including 53 farms in Norway, 44 in Chile, 16 in Canada, 4 in Ireland, 4 in the Faroe Islands, 2 in Scotland and 2 in Australia. To date, approximately 25 per cent of all GSI member farms are ASC certified with another 37 farms in assessment. Further, in June three new members joined the Global Salmon Initiative. Australis Seafoods S.A., Bjørøya and Midt- Norsk Havbruk AS have committed to following the GSI's three key principles of improved sustainability, transparency and cooperation in aquaculture salmon production.

Engaging Buyers to Make Responsible Purchase

WWF's is making significant efforts to engage, inform, and train buyers, especially in developing countries. With support from WWF, ASC and MSC – Thailand co-organized a seminar on sustainable seafood during ThaiFex between late May and early June 2017. Speakers included Hyatt Hotel and KrungSri Bank, who presented their perspective on local demand for sourcing/serving sustainable seafood (Hyatt Hotel) and sustainability loans for AIP's to achieve ASC certification (KrungSri Bank).

With regards to progress in Europe, WWF – France has initiated a project to assess the relative commitments of big French corporates to certification of different commodities such as farmed shrimp, farmed salmon and fishmeal. For aquaculture, 8 corporates (retailers) will be analysed and the results will be available in late 2017. Further, in February 2017, WWF-France organized the 1st Think Fish Week. Think Fish Week is an initiative of three independent organizations: MSC, ASC, and WWF. The goal of Think Fish Week is to increase the knowledge of the public about sustainable fish products and to encourage people when purchasing fish, to make a sustainable choice (MSC or ASC). The event gained a lot of attention and WWF-France is currently planning the second edition for 2018.

³⁶ <https://www.msc.org/newsroom/news/seafood-consumers-put-sustainability-before-price-and-brand>

Additional activities per country:

Country	Description	Results
Brazil	WWF-Brazil engaged with the Brazilian Shrimp Producers and Fish Producers Associations to develop a roadmap for greater uptake of certification according to ASC standards.	<ul style="list-style-type: none"> Increased implementation of social and environmental practices
Chile	WWF conducted a buyer-AIP site visit in Chile which engaged corporate buying partners with AIP producing partners in Chile for Atlantic salmon.	<ul style="list-style-type: none"> Connecting buyers with producers to improve market access and more reliable long term partnerships
Thailand	Hyatt has agreed to fund an AIP in Thailand with WWF-TH on condition that the farm must supply approximately 1 ton shrimp/month at a reasonable price. Next step is to find a potential farm that is interested in this condition and agrees to work with WWF TH and Hyatt.	<ul style="list-style-type: none"> Potential new partnership for sustainable seafood
United States	WWF-US negotiated and finalised a global ASC commitment with Royal Caribbean which is the first seafood procurement partnership of its kind for the cruise line industry.	<ul style="list-style-type: none"> Leadership model to inspire others, incentivize implementation of BMPs

RSPO: Palm Oil

RSPO uptake within the Consumer Goods Forum (CGF)

The WWF report “Slow Road to Sustainability” estimated that 17 per cent of global production of palm oil is purchased by brand manufacturer and retailer members of the Consumer Goods Forum (CGF). Of the 184 members for which palm oil is material to their business, 48 had time-bound commitments. These tend to be the larger purchasers, and account for more than 50 per cent of the volume purchased by CGF members.

Engaging Buyers to Make Responsible Purchase

Globally, the 3 most important palm oil consuming markets are India, China and Indonesia. To engage, inform, and train buyers in these countries, RSPO now recently assigned representatives in India and China, and WWF work in close collaboration with them in both countries to engage buyer companies. As a direct result, palm oil activities were included for the first time in the Sustainable Consumption Week event in 2016.

In Malaysia and Singapore, WWF has business forums around the topic of sustainable palm oil to start creating awareness and understanding amongst brand manufacturers and retailers in these markets. Malaysia and Singapore are now planning the first buyer company scorecard in Asia, analysing the performance of 47 local and regional companies to encourage them to commit to and take action to buy CSPO. In Singapore, WWF convened multiple stakeholders in establishing the Singapore Alliance for Sustainable PO (SASPO). Malaysia is developing a similar initiative (Sustainable Palm Oil Coalition), and China and India have plans to do so as well.

With regards to other parts of the world, progress made by companies headquartered in Europe and North America remains high. Penetration of Certified Sustainable Palm Oil (CSPO) has reached around 80 per cent in these regions. The success achieved in these regions can be attributed to high level of consumer awareness and therefore also the interest in the sustainability produced commodities is high.

BCI: Cotton

BCI has been making significant progress over the past years. To date, BCI has 1093 Members across five membership categories and come from 49 different countries around the world (including 10 associate members, 33 from civil society, 32 from producer organizations, 944 from suppliers and manufacturers and 74 from retailers and brands). Great progress is also being made with regards to member and industry engagement: in 2016, BCI delivered 13 events that reached over 850 individuals around the world. Considering the progress BCI is making in the field including through vehicles such as the Growth and Innovation Fund to support farmers, WWF has taken the strategic decision to transition WWF action out of the field level and to focus its engagement on keeping the systems credible and demand for better produced cotton growing.

An example of this engagement is the Sustainable Cotton ranking Assessment – a joint report by Pesticide Action Network UK (PAN UK), Solidaridad and WWF. The first assessment was published in 2016 assessing the performance of 37 large cotton-using companies. The ranking showed that while around 10 per cent of global cotton supply can be classed as more sustainable, less than a fifth of this amount has been actively sourced as more sustainable cotton in products, with the rest sold as "conventional" cotton due to lack of demand from top companies. The ranking also showed that only a few leading companies are taking steps on sustainable cotton while the majority are doing little to nothing.

In the fall of 2017, for the second consecutive year, a new report will be published including a new ranking based on the policy, uptake, and traceability of large cotton-using companies. In total 79 companies are being assessed in the 2017 ranking - 27 from North America, 33 from Europe, 14 from Asia, 3 from Brazil and 2 from South Africa. The overall objective of the second ranking report is to highlight progress achieved and opportunities for improvement that will accelerate transformation of the cotton sector towards sustainability. To engage a wider industry audience and stimulate demand, the number of companies assessed in the 2017 Sustainable Cotton Ranking has been more than doubled and additionally it will include now companies operating in major emerging markets.

Annex VIII Facilitating Public Policy for Responsible Production and Trade

Key activities per standards are further explained below:

Timber, Pulp and Paper

Creating legislative frameworks

In recent years, the European Union has demonstrated growing leadership in driving deforestation and forest degradation out of European markets. Jointly with other NGOs, WWF successfully advocated for an EU Action Plan on Deforestation and Forest Degradation. The European Parliament in its [Initiative Report on Palm Oil and Deforestation](#) asks for an EU Action Plan and for legislation ensuring palm oil, as well as other agricultural commodities, in the EU market is sustainable. On 20 June 2017, the European Commission published a [draft Feasibility Study on EU Action against Deforestation](#), which includes a number of interventions, including regulatory measures. These developments show the growing interest of the EU policy makers in developing more concrete measures to address deforestation and forest degradation. These policies will lay the foundation upon which concrete action plans by member states will be developed as the next step.

In November 2016, after nearly six years of negotiations, the EU and Vietnam agreed in principle on a Voluntary Partnership Agreement (VPA) to improve forest governance, address illegal logging and promote trade in verified legal timber products from Vietnam to the EU. In May 2017, the parties formally concluded their negotiations towards a VPA, by initialling the document. WWF Vietnam has been actively involved in the process as key E-NGO stakeholder. Vietnam and the EU expect to ratify the agreement in 2017.

WWF and TRAFFIC finalized the Cameroon National Legality framework based on the VPA legal definition for Cameroon. This allows the VPA legality definition to be package into a consistent framework and standardized format applicable to other countries. The Cameroon National Legality Framework has been disseminated widely to industry associations and has been used in a multi-stakeholder training workshop in June 2017, including traditional chiefs of local community forestry, SMEs and supply chain enterprises in Cameroon.

WWF actively participated in the CITES CoP 17 in Johannesburg, South Africa, from 24 September to 5 October 2016. The big win for forest products was the increased protection of rosewood by achieving the listing in Appendix II of the entire genus *Dalbergia* spp. (except for Brazilian rosewood (*Dalbergia nigra*), which is listed in Appendix I), the three *bubinga* species of *Guibourtia demeusei*, *Guibourtia pellegriniana*, and *Guibourtia tessmannii*, and *Pterocarpus erinaceus* (African rosewood). The listing of the *Dalbergia* genus means that all species of rosewood are now strictly monitored and regulated. The listings became effective on January 2, 2017.

Peer-to-Peer learning

In 2016, WWF Russia organized a number of trainings for policy and law enforcement authorities on environmental criminal investigations covering cases in timber and hunting sectors (illegal logging, poaching, and other misconduct). At the [multi-stakeholder workshop](#) in October 2016, WWF Bolivia and a representative from Bolivia's forest service shared lessons on Bolivia's national forest certification scheme that uses inexpensive cell phone technology to ensure traceability. WWF Russia and WWF Bolivia now are exploring a possible study tour in Bolivia with Russian government officials.

In Colombia and Peru, WWF offices are drumming up public and private sector support for the Pact for Legal Timber, which aims to implement a national policy to put an end to illegal timber trade and

to promote legal timber and improve forest governance. In Colombia, together with the Ministry of Environment and Rural Development of Colombia, the Pact for Legal Timber of Colombia began to implement the Legality Assurance System (LAS) to simplify the process of forest control and surveillance, with technical contributions from WWF. In the pilot phase of the LAS implementation, four companies obtained the first LAS certificates. To inform the forest policy dialogues under the Pact, WWF Colombia and WWF Peru, together with TRAFFIC, completed the National Legality Framework for Colombia and Peru, respectively, and are actively engaging stakeholders on the issue.

WWF contributed to the China-Africa Forest Learning Group Platform (FGLP) in Beijing during the research session in November 2016. Three studies were carried out (timber flow study, legal gaps analysis and diagnostics) to get an overview of the roles of Chinese companies in the forest and non-forest sector in the DRC. WWF representative presented the possible policy solutions and measures which have demonstrated impact, as well as the way to engage with the private sector to make their investment benefit for people and environment. A consolidated report was finalized in May and presented to relevant stakeholders through a roundtable in Kinshasa.

Tools and knowledge products

WWF Country offices of Colombia, Panama, Bolivia, Peru, Congo (RoC), Central African Republic, Cameroon and Democratic Republic of Congo have assessed the enabling environment, or lack of, in these countries concerning Responsible Forest Management and trade. The WWF EEA-Tool has been used for this purpose. In the case of Panama, Colombia, Bolivia and Peru the results have been used as programmatic tool prioritizing actions for the current fiscal year. The WWF Offices in the Congo Basin have used the tool for two purposes:

- Capacity building of local Civil Society Organizations on governance assessment and monitoring: Central African Republic 10 CSOs trained as well as 1 Community-Based Organization and 1 Indigenous Peoples Organization. Republic of Congo 5 Civil society organizations were trained.
- Advocacy towards local and national governments through publication of the strengths and weaknesses of forest governance

Around the globe, WWF is providing capacity building and policy support, as well as exploring innovative incentive mechanisms to make responsible forest management more accessible and viable for smallholders and communities as outlined in Section 1.

Wild-caught fisheries

WWF is collaborating with India, Pakistan, the Seychelles, Mauritius, Madagascar and Mozambique governments in Fisheries Improvement Projects to improve the management of tuna fisheries to the MSC standard. As a key part of WWF's work to engage the most challenging coastal states in moving towards sustainable management of fisheries, the first stakeholder workshop for the Indian Lakshadweep pole & line skipjack tuna fishery, was held in India. This workshop was organized as part of a FIP development process to bring key stakeholders together to develop a common understanding on the importance of and process for MSC certification for the Lakshadweep pole and line fishery, present and discuss results of the pre-assessment conducted by qualified MSC assessors, discuss and agree on the issues to be addressed by the FIP Action Plan and consider how these issues might best be addressed, which could then form the basis of the FIP project. This workshop and the forthcoming work creates vital linkages with key Indian fisheries officials and authorities which contributes to the successful formation by WWF of an effective North Indian Ocean coalition of coastal states which have significant influence on IOTC advocacy efforts.

The IUU (illegal unreported unregulated fishing)-Policy and Governance Gap analysis for Coastal East Africa States was finalised in November 2016³⁷ and the process of developing the study was used for intense negotiations and training of government and policy officials in Kenya, Tanzania, Mozambique, Madagascar, South Africa, Seychelles, Mauritius, and Comoros on IUU matters, on Governance tools to stop IUU like transparency, traceability and the ratification and implementation of the port state measures agreement.

The Fisheries Improvement Projects as well as certification assessment processes in the Indian Ocean, the Western- and the Eastern-Pacific and in Coastal waters like India (Indian Lakshadweep pole & line skipjack tuna fishery), Russia (Russian Pollock certification), Pakistan (crab fisheries) or Mozambique (shrimp fisheries) include close cooperation with the Policy and Governance structures of the involved countries and RFMOs (Regional Fisheries Management Organizations like IOTC, WCPFC or IATTC). In addition to reducing the fishing impact on ecosystems, species and target stocks, FIPs as well as the MSC certification always aim for transparent and sustainable long-term management by the fisheries institutions, governments and national politicians. Every FIP is a co-operation with all relevant policy-, civil society-, and business-stakeholders and serves as training platform on transparency, legality, equitable resource access, sustainability and responsible governance and business performance.

The International WWF Transparency Workshop in Pakistan in cooperation with the Fisheries Minister of Pakistan is another example for an advocacy and training platform for politicians and government practitioners and more than 60 participants from Governments in Iran, Seychelles, Madagascar and Sri Lanka as well as IOTC officials participated and agreed further international cooperation.

³⁷ WWF Summary Report, November 2016: **Transparency in Industrial and Semi-Industrial Fisheries Management in Coastal East Africa and the Southwest Indian Ocean**

Farmed Fish

In India, the Kerala Marine Fisheries Regulation Act is being amended and the inputs from the partially SIDA funded FIP have been incorporated into the new amendment which should be published very soon. In addition to this, the fish meal companies are doing an IFFO RS FIP for oil sardine along the West Coast and WWF is very closely working with them to accomplish this. The result will be more sustainable operations of the fishery supplying fish oil for aquaculture in India.

WWF-Vietnam is undertaking research that addresses the gaps and barriers of aquaculture in Vietnamese legislation to propose solutions for responsible aquaculture. This study provides a stakeholder platform to discuss policies and regulations, and some solid evidence for policy-makers to revise current policies, eradicate barriers and develop new policies to fill gaps and meet the demands of sustainable aquaculture production in the Mekong Delta

WWF-Chile has been having conversations with the Chilean government (Subpesca/Sernapesca) about regulating expansion in the XII region and suggesting regulatory amendments to improve sustainability.

Environmental Approach to Aquaculture (EAA) is mandated by FAO for countries in having Sustainable Aquaculture program. Since the last two years, WWF-ID initiated and engaging the Ministry of Marine Affairs & Fisheries for development of National Guidelines for EAA and the assessment tools. There were several trials for the assessment tools, and starting 2017 there will be some pilot project for implementation of EAA.

On the demand side, there has been progress made regarding the reduction of illegal imports for both aquaculture and aquaculture inputs such as feed into the US including the following activities:

- Engaged with the US National Oceanic and Atmospheric Administration, US Customs and Border Protection, and Immigration and Customs Enforcement to advice on the inclusion of farmed shrimp in US government traceability regulations.
- Presentation about WWF's work on Aquaculture to US Govt. Task Force on Aquaculture.
- Engaged with US Trafficking in Persons Office of the US State Department to advice on impacts of human trafficking in the shrimp supply chain.

Palm Oil

Deforestation – Palm oil from the production side

Seven African countries (Central African Republic, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Liberia, the Republic of Congo and Sierra Leone) pledged at COP22 in November 2016 to protect their tropical forests by shifting to sustainable PO production³⁸.

The governments of both Indonesia and Malaysia have announced their intention that ISPO/MSPO will be mandatory for all producers. In Indonesia this is already the case, but enforcement is weak. In Malaysia the plan is that all producers should be MSPO certified by 2019, although it is uncertain how so many producers (including around 500,000 smallholders) can be certified in such a short time. These initiatives are in tandem with efforts by both governments to gain international acceptance for

³⁸ <https://www.weforum.org/press/2016/01/seven-african-governments-to-protect-over-70-of-africa-s-tropical-forests-from-unsustainable-palm-oil-development>

their standards. WWF supports these efforts to “bring the bottom up”, but emphasises that ISPO/MSPPO do not meet WWF’s criteria for standards to be recognised as credible, and continue to engage to make the standards more robust.

The Indonesian government (lead by the Coordinating Minister of Economic Affairs) is for the first time involving NGOs in the process of redesigning the Indonesian Sustainable Palm Oil (ISPO) standard allowing NGOs to propose criteria for inclusion in the ISPO Principles and Criteria, structure and processes. Compared to previous reviews, the current process differs greatly in quality and quantity of public consultations and opportunities including in reaching a much broader range of stakeholders. During the reporting time frame public consultations had been held in the three big regions of Indonesia (Sumatra, Kalimantan and Papua).

In December 2016, at the opening session of the 2016 International Sustainable Finance Forum in Nusa Dua Bali, WWF-Indonesia Executive Board Chairman Kemal Stamboel formally handed over "Sustainable Palm Oil Financing Guidelines" to the Indonesian Financial Services Authority (OJK). This illustrates the improvement in enabling environment and support from the financial services sector as well as increased government engagement for better production.

There is further a trend towards more ambitious objectives in WWF strategies moving towards more sustainability as well broadening their reach (Indonesia, DRC, Gabon). This is a good sign, as it clearly indicates that the space for sustainable production and consumption has increased.

Again, palm oil production in Indonesia is a case in point. Over the reporting period WWF Indonesia’s strategy moved from an ambition aimed at legality to an ambition aimed at full sustainability in its government engagement and lobbying on palm oil. To its three goals: 1) De-linking deforestation from commodity supply chain; 2) Building a centre of excellence for oil palm smallholders; and 3) Fostering viable financial schemes for replanting by independent smallholders, it added a fourth which aims to improve uptake of certified sustainable palm oil in domestic markets.

WWF’s advocacy efforts in the Congo Basin for a regional sustainable palm oil strategy continue and make good progress.

In Cameroon, WWF worked on further defining the a national sustainable palm oil strategy including RSPO P&Cs and continued advocacy efforts for the national level for its implementation and Cameroon’s adherence to the TFA "Marrakesh Declaration" for deforestation free palm oil production in Africa. WWF further worked on strengthening institutional capacity of two palm oil smallholders’ cooperatives in the Southwest Region (the Tiko and Bamusso palm oil smallholders).

In Gabon, WWF’s strategy has been to have the RSPO standard drive CSPO in the country. WWF continues advocating the government to engage companies operating in Gabon for strict compliance to the national RSPO standard and for Gabon to sign the “Marrakesh Declaration”. While Gabon is a partner of the TFA 2020 Africa Palm Oil Initiative (TFA 2020 APOI), it has not yet signed the "Marrakesh Declaration" aiming at deforestation-free palm oil production. As a high forest cover country, the government currently perceives deforestation-free initiatives as a barrier to its socio-economic development.

In the Democratic Republic of the Congo (DRC), WWF’s public policy objective continues to be reduced deforestation by promoting land use planning. Over the last 12 months promoting deforestation-free palm oil production was added – which also shows an increase in ambition as discussed above.

WWF works with two strategies in the DRC, one being the rehabilitation of abandoned/inactive industrial oil palm plantations for new plantations instead of the conversion or natural habitats for oil palm expansions. The other strategy is RSPO compliance. Here too, there has been a deepening/move towards more sustainability.

WWF is facilitating Tropical Forest Alliance (TFA) 2020 African Palm oil Initiative (APOI) in DRC. DRC is now partner of TFA 2020 and has signed the TFA "Marrakesh Declaration" aiming for deforestation-free palm oil production. WWF has co-facilitated the development of national TFA principles that will guide national action plans for deforestation-free palm oil production in DRC by 2025. Political and security troubles in DRC, however, have delayed development process of these national TFA action plans.

Furthermore, WWF is actively involved in the emerging jurisdictional approaches in Sabah (Malaysia), Ecuador and Central Kalimantan, Indonesia. All have the objective of all palm oil produced in the jurisdiction being RSPO certified.

Deforestation – palm oil from the consumption side

In China, WWF continues its work on informing the Chinese government about sustainable sourcing options and opportunities and the impact of conventional palm oil. This work is supported by increasing public awareness of the issue and solutions also including corporates

Thanks to WWF and partner NGOs' persistent advocacy efforts, the European Parliament in its Initiative Report on Palm Oil and Deforestation asks for an EU Action Plan and for legislation ensuring palm oil, as well as other agriculture commodities, in the EU market is sustainable. On 20 June 2017, the European Commission published a draft Feasibility Study on EU Action against Deforestation, which includes a number of interventions, including regulatory measures. This illustrates growing interest of the EU policy makers in developing more concrete measures to address deforestation and forest degradation. These policies will lay the foundation upon which concrete action plans by member states will be developed as the next step. These developments confirm the point made above, about increased recognition and space for sustainable production and consumption from a consumer market perspective.

Cotton

In Pakistan, the Government Agriculture Extension Department (AED) Punjab is formally involved in the project activities as local partner to ensure the long term viability of the projects. This will enable local engagement and once the project is running smooth, WWF will withdraw from direct involvement. Two producer units were handed over to Agriculture Extension Department (AED) for implementation of Better Cotton Standard System (BCSS) in Bahawalpur district.

Annex IX Strengths, Challenges, Adaptive Management & Lessons Learned

The workstreams Engaging Producers for creating Sustainable Production and the enabling environment (or the challenge with the lack of) Company Engagement and Public Policy are interrelated and are presented per commodity.

Some further strengths, challenges, adaptive management and lessons learned that are not commodity specific are highlighted in the following pages according to the workstreams Strengthening Standards and Incentivizing Better Investment and Lending Practices in Financial Institutions.

Timber, Pulp and Paper: Strengths, Challenges, Adaptive Management and Lessons Learned

Internal capacity: According to a Forest program survey, credible voluntary standards and certification are among the top priorities across the WWF Network. Around 60 per cent of the WWF offices implementing forest work has put in place necessary structure and capacity to implement this work area. The consolidation of Forest Sector Transformation FST activities into one workstream allows better alignment, coordination, and synergies among these tools, creating new opportunities and value-add for companies to work with WWF.

External relationship with stakeholders: WWF's unique strength lies in having an extensive global Network that allows us to combine local knowledge and expertise with global perspective and reach. We have long-term relationships with the private and public sectors as well as the civil society, and are positioned to act as facilitator for change, enhanced through the ability to be a respected partner in negotiations at all levels. This allows us to build bridges where others might not be able to.

Challenges:

A key challenge for the upcoming years is to stimulate the FSC uptake in the tropics and among smallholders, as well as to develop and promote complementary approaches in places where FSC is not possible or desirable (such as areas converted from natural forest that not eligible to being certified).

Changing market dynamics is an on-going challenge. The trade flows of timber products have seen some dynamic shifts driven by 1) increased focus on legality in European, Australian, and US markets; and 2) growing consumer demand in fast-growing emerging markets, including domestic markets in forest countries.

The focus on forest legality has, on the one hand, significantly elevated forest-related issues on the policy agenda. On the other hand, it has created a barrier to certification as the primary focus of companies has shifted from sustainability to legality. The rising importance of fast-growing emerging economies and domestic markets has also been an on-going trend for a number of years. While almost all local offices working on the forest sector have been addressing the issue of legality and bridging

the gaps between legality and sustainability through awareness-raising, policy advocacy, and creating market incentives, capacity gaps remain in key markets such as the BRIICs.

Key lessons learned include:

Knowledge management and learning are an important part of how we work. It is therefore important for the network to have a common understanding and vision of 'Knowledge Management for WWF.' At the network knowledge management meeting, WWF staff from around the network, including representatives from multiple Practices, shared their view that a vision for Knowledge Management in WWF needs to be centred around peer sharing and reflection, collaboration and innovation, and systematization of knowledge (both quantitative and qualitative) while having all of this underpinned by learning.

Knowledge management tools are effective when they are people centred. An excellent example of the knowledge management tool is the Forest Mentoring programme. A pilot was completed with positive feedback from eight Mentors and eight Mentees from seven countries. In the program, experienced professionals (WWF Alumni) supported WWF staff for six months (pro bono) on concrete forest related challenges as thinking partner, sounding board and professional friend. The knowledge products from the Pilot have been shared with the People Development and Onboarding team as a basis for developing products for the wider network.

Tuna: Strengths, Challenges, Adaptive Management and Lessons Learned

EU IUU Advocacy: slow progress by DG MARE responding to WWF advocacy required raising issues to political level (Cabinet of Commissioner Vella), with positive results. Going forward, we see increased engagement of political level as an on-going need/opportunity. Separately, we are challenged to increase our engagement with Member State authorities to achieve consensus on the EU-wide database of CCs. Success at the Member State level will also be key to effective political engagement at the EC level.

Transparent Seas Project (Africa): Over the reporting period, regarding IUU work, a potential challenge will be garnering government support for WWF's objectives, though initial interest from several SWIO governments is promising. WWF is planning to continue advocate at the national level in SWIO countries in advance of several upcoming regional meetings (SWIOFC and SADC) and close collaboration with WWF Network field staff will be essential to success. In order to ensure close collaboration amongst, a joint work plan has been drafted and frequent communications amongst WWF staff has been maintained.

Indian Ocean Tuna Programme: A key strength was establishing good professional relationships with all parties operating in the Indian Ocean tuna industry, from managers, scientists, fishers, processor organizations and seafood companies. The support by numerous WWF offices at key moments has been crucial to success. A significant challenge has often been the lack of capacity in a number of WWF offices in key countries to engage effectively in supporting the WWF fisheries work. In our work on IUU advocacy and traceability, we are increasingly under pressure from funders (and our own desires) to work in tight coalition with other major NGOs. This is magnifying our impact but

also introducing significant time and resource costs dedicated to forming and managing coalitions. As the final 6 months of planned work are now completed, a revision of the IO strategy is necessary, taking into account the changes in management regime in the region and examining the applicability of original objectives and prioritising work on appropriate objectives for 2017 and beyond to ensure Indian Ocean tuna fisheries are productive and resilient.

Western Central Pacific Tuna Programme: During the initial stages of the grant, WWF engaged in a concerted and comprehensive outreach effort to key stakeholders ranging from small industry players like the Fiji domestic longline fleet to large institutional entities such as the Pacific Islands Forum Fisheries Agency (FFA). Simultaneously, WWF also made strong efforts to coordinate and collaborate with other environmental NGOs engaged in the tuna space. This targeted and thorough effort laid the foundation for building the trust, confidence, and associated coalitions necessary to secure the success of the outcomes and outputs under the grant. As a result of this effort, WWF has built one of the strongest NGO reputations among stakeholders in the region, making work with partners as diverse as the FFA, Secretariat of the Pacific Community (SPC), Parties to the Nauru Agreement (PNA), and even the National Oceanic Resources Management Authority (NORMA) of the Federated States of Micronesia (FSM) possible.

Adaptation is key with respect to work in the tuna RFMO context. The WCP Tuna Programme Manager had to redirect funds and efforts with respect to a few project activities, but was still able to achieve objectives and goals. In every case where funds and associated activities were redirected, it was a result of either changed conditions (i.e. another NGO undertook similar work in the interim) or an inability to engage necessary partners due to logistic or political reasons (i.e. access to confidential information through technical partners). In every case, funds were able to be easily redirected to other activities that still met the goals and objectives under the established plan.

WWF has also secured unstinting support from the Gordon and Betty Moore Foundation which has made the success of the programme possible. In addition to continued support from Moore, this has led directly to additional relationships and potential support from the Packard and Oceans 5 Foundations for work that will serve as an extension of the successful work conducted so far.

As the amount of travel required to adequately cover the 32 countries involved with the IOTC is significant, continued streamlining of processing of travel expenses reimbursement is very helpful. Also maintaining high level of communication between offices and with the wider network is crucial to successful achievement of strategic objectives.

Key Lessons learned include:

“Seafood Guidelines and the Seafood Technical Advisory Group (STAG)” – STAG is an operational instrument for Ocean and Food Practices, as well as the Global Partnership Department and the Global Partnership Committee to make the best use of the corporate seafood partnerships to move forward the sustainable seafood agenda. Moreover, it is a platform with broader opportunities to develop new visions and approaches in seafood work. Ideally, STAG model should be replicated to other commodities to ensure robust and consistent corporate partnership approach.

The Global Dialogue on Seafood Traceability (GDST) - We were somewhat misled by the strong positive feedback we received from industry in the first phase of outreach around this Dialogue, and wrongly concluded that this feedback would translate into an appetite for proactive (rather than reactive) action by multiple industry partners. Thus, we did not adequately anticipate the level of WWF initiative required to launch the Dialogue.

Transparent Seas Project (Africa): Coordination and Collaboration within the WWF Network is key: Coordination between SWIO field offices was also be essential for advancing key advocacy aims for improved transparency and monitoring, control and surveillance in the fisheries sector.

Indian Ocean Tuna Programme: Underpinning coordination and continued support by relevant WWF offices ensure that momentum is maintained in the Indian Ocean.

Recognition of champions is essential to continue to play an important role of fisheries management in the Indian Ocean. WWF cannot alone tackle all problems; it needs a network of coastal states to work together. We have good coordination in the SWIO region and are now commencing work in supporting a network to facilitate cooperation among NIO states, led by the WWF-Pakistan office.

Transparency: WWF's satellite and remote sensing tool is most successful when connecting safety at sea and business improvements for fisheries with transparency to enable better management. Senegalese coastal fisheries for example are motivated to be fully transparent, because in case of an emergency the vessels are easy to locate by rescue operators.

Farmed Fish: Strengths, Challenges, Adaptive Management and Lessons

Key strengths have included cultivating relationships and greater buy-in from external partners, including the salmon industry (GSI, ASC-certified companies), as well as other strategic partners (ASC, MSC, Government and fishing industry, to synergize work and ensure effective and efficient progress).

The challenges regarding ASC certification are not new but some efforts are partially addressing them. The major challenges continues to be the relatively high cost of certification and varying levels of interest amongst farmers for ASC certification. Some farmers are realizing the advantage of certification in the face of increasingly stringent requirements in the global export market. The value of ASC for others remains low with perceptions that the standard is too expensive, too difficult to comply with or irrelevant for their particular supply chain. The high cost of ASC certification (especially the cost of conducting Biodiversity-Environmental Impact Assessment (B-EIA) and Participatory- Social Impact Assessment (P-SIA)) continues to be a challenge. This is compounded by several other schemes, which are less effective, but much cheaper, are directly competing with ASC.

WWF is addressing these challenges by developing business case studies and strengthening the communication of the benefits of ASC certification. In addition, incentives are being developed for engaging in responsible aquaculture production, such as reducing costs, increasing value and market access, better working environment, improved productivity and livelihoods, improved community relations and international reputation. FY17 saw great success in getting new farms to commit to ASC and several new farms are now certified, especially in Latin America and Southeast Asia. Additionally, first farms were certified in in Africa (Madagascar), India and Thailand, which was a major achievement showing clearly that overcoming the aforementioned obstacles regarding standard uptake is possible.

The Chilean Seafood Markets programme has maintained existing institutional alliances and coalitions, that has thus far been a stronghold of previous successes (e.g. with GSI, Corfo, INCAR, Subpesca and Sernapesca) the programme needs to strengthen and deepen alliances with existing associates, as well as explore new associations in areas of government, such as the ministry of the economy, as well as retail coalitions. It is vital to promote and highlight WWF's expertise in these sectors where previous activities are unknown for the most part. This should include and strengthening of lobby and networking.

Country specific challenges in farmed fish include:

- Gaining access to retail partners when WWF-Chile is not established in this sector and there is a lack of national enabling conditions for sustainable seafood promotion and understanding
- Ensuring continued credibility and impact of ASC certification in Chile under a changing standard and monitoring the performance of new certifiers that may have a potential allegiance to the industry, to ensure high standards of good practices are convincing and transparent.
- Weak communication led to partners' confusion and misunderstanding on WWF-TH's role – WWF is not a donor. WWF gets external funding to work with farmers/processors and help them to achieve certification.
- Funding for improvement project work on the ground is being scaled back for many of WWF TH's other donors and it is challenging to break into new markets without this support.
- Long term and streamlined financial support is needed in country programs to ensure continuity of the program/projects, avoiding many smaller financial inputs that may fragment the Programme.
- AIP work needs to continue, however reflecting on its success over the past years, ideally have a more efficient and effective mechanism for implementation.

On the organizational side, WWF TH Sustainable Market did a major re-structure of the team by separating wild-caught fisheries and aquaculture. The Seafood Manager position had too many responsibilities and the implementation required technical knowledge and understanding of local context. In this case, two managers (Fishery Manager and Aquaculture Manager) that are responsible for each respective area of work is more practical for making progress.

The withdrawal of a major donor funding and staff turn-over affected WWF TH's strategy. The adaptive management was to focus more on raising awareness and educate processors on ASC shrimp standard to maintain WWF-TH roles in the loop between shrimp aquaculture stakeholders. WWF TH also partnered with other organizations e.g. NACA and KrungSri to explore other opportunities that could support WWF-TH to drive responsible aquaculture practice through to ASC certification. WWF TH reached out to WWF-US for technical support on aquaculture work in Thailand.

Key lessons learned include:

Effective communication with stakeholders is one of the key factors in determining success or failure. Communications must be shared among team members for both internal feedback and smooth implementation of projects. Contact information of farms, processors, and other stakeholders that we work with must also be shared and be seen as working as a single organization.

Effective integration into the marine conservation programme has been strengthened through the social component of ASC work, and additionally a similar challenge has been overcome through participation in species work, specifically through gaining support and understanding of MPA's from the aquaculture industry. A successful and stronger alliance with the fisheries programme has been built by ensuring effective communication is continually maintained between programmes to synergize similar and complementary work lines.

Palm Oil: Strengths, Challenges, Adaptive Management and Lessons Learned

The Global PO lead left WWF in September 2016 and will be replaced only in October 2017. In the meantime, an interim Lead is in place, combining responsibility for Palm Oil (PO) with other responsibilities. This stretched staff resources, especially in key Asian producing and consuming countries.

Adapting to the challenge, the new PO Lead will develop a new strategy for 2018–2022 identifying key levers to build production and consumption of sustainable PO going forward, in addition to the focus on RSPO. A workshop to identify revised goals, objectives and priority initiatives was held in May 2017 and the outputs will be fed into the strategy development process.

Some European and North American companies are evaluating alternatives to PO, because of various challenges of PO including negative publicity related to health and also to the social and environmental impacts associated with its production. There is a danger of 2 supply chains evolving, one for sustainable PO for MNC's, and one for low cost PO for use in India, China, Indonesia and other developing countries where sustainability is not really on the agenda yet. The business case for sourcing sustainably produced commodities is less strong in BRICS where reputational risk is less of an issue and the priority is to minimise costs in order to make products affordable for the lower income consumers. This is hampering the development of the programme. The on-going impacts studies should help to address this challenge, as well as having distinct strategies and outreach.

Negative political pressure against RSPO and sustainable PO production continues in Malaysia and Indonesia. Both countries are trying to get their national standards, MSPO/ISPO, accepted internationally. Engaging government in these countries remains challenging for NGO's but WWF has on-going dialogue with the government programs.

A key lesson learned and a critical success factor is having field staff in the region (coming in and out doesn't work). Particularly with smallholders it is necessary to have regional people who work together with the smallholder farmers. It is not feasible or cost effective to do individual farmer engagement, but groups are the key. Also, it is necessary need to work with farmers who have a standing in the community (often older farmers) who can be champions of the program.

Cotton: Strengths, Challenges, Adaptive Management and Lessons Learned

A key strength is that WWF has been involved in sustainable cotton initiatives for over a decade and has good collaboration with local partners, government agencies and other relevant stakeholders for support and services. Similar to the previous year, main challenges in FY17 on regarding engaging producers in better production were primarily weather and pest related. FY16 saw many weather extremes, such as excessive monsoon rains and pest attacks, which had a negative impact on the cotton harvest. This has resulted in a number of farmers switching to other more weather resilient and profitable crops, such as sugarcane. FY17 brought along similar challenges for the farmers, which led to even more farmers switching to more profitable crops. This is a growing challenge and WWF has yet to come up with a strategy to deal with it.

With regards to achieving certification, another challenge that still needs to be overcome is the fact that BCI has extensive documentation requirements which are overwhelming for most farmers to complete. This is also a challenge in other commodities and efforts include learning from other standards, simplification of tools and guidance and strengthening of local partners' capacity.

Country specific challenges and adaptive management in cotton included:

India

- Scalability of the project in terms of number of farmers and total area is a big challenge.
- Use of Non BT cotton seed and Pink bollworm attack during last year cotton yield gets reduced by 10-15 per cent in BCI villages and up to 30-40 per cent in nearby villages. The farmers were in dilemma about cotton variety selection this year.
- More effective and efficient methods of communication using Information Communication Technology like audio- visuals, animation etc. during training programme of BCI farmers is lacking at present. Innovative methods of trainings and awareness program will help farmers to understand the BCI concept easily.
- Collaboration with KVK (name of implementing partner) has helped in the smooth implementation of the project. The state department of Agriculture is supporting the project by extending its resources to farmer trainings, workshops and field days
- Convergence of different initiatives of BCI programmes ensured the sustainability of the project. Efforts were made to congregate the schemes of line departments/Autonomous agencies, NGOs etc. within the program. Agriculture Extension Department of Jalna has provided inputs (seeds) to BCI farmers for intercropping. Other agencies has also shown interest and started synergetic move.
- The project has started to identify and mapping of marginal and hired labour and also prepared strategy to assess the training needs so that they can be aligned as per project ideology.

Pakistan

In Pakistan, owing to reduced cotton area because of farmers shifting to alternative crops, with the consent of donor Toba Tek Singh project was to be shifted to achieve targets and to facilitate handover to local organization, Lok Sanjh. The project was shifted to Mianwali in January, 2017 but the District Government Mianwali did not grant a No Objection Certificate for Mianwali district so the project was shifted to Multan in April 2017.

Dissemination of knowledge on BCI production principles and criteria through well-structured effective training and capacity building programme was the key to success of this programme.

Some further strengths, challenges, adaptive management and lessons learned that are not commodity specific are highlighted in the following pages according to the workstreams Strengthening Standards and Incentivizing Better Investment and Lending Practices in Financial Institutions.

Strengthening Standards workstream: Strengths, Challenges and Adaptive Management

Certification Assessment Tool (CAT)

New standards and codes are continuously being developed - some by governments and industry. Compared to many other tools, the strength of the CAT tool has been the harmonized interpretation of the results, providing transparency on the weaknesses and strengths of the standards and certification schemes. The CAT has a quality assurance through the structure of GSCT and review from two people who are trained and do all assessments to ensure consistency.

A challenge is that assessments of wild-fish standards are not done over a CAT so the GSCT doesn't have any control over these assessments or their consistency. Different teams have developed other tools that work for them and so don't see the need to harmonize assessment tools and methodologies within WWF. The development of the Forestry CAT cost about EUR 40,000 and creating one for wild fishery team would cost even more.

Another challenge is with the restructuring, new people come in and has to be trained to know the WWF tools available for assessments for standards. To address this, an e-training tool has been in development to further dissemination around tools and knowledge transfer.

Impacts work

Main strengths of the impacts work include the expertise and collaborative network. The world-class expertise of research partners and the in-depth knowledge on voluntary certification systems at WWF, help develop robust and credible research methodologies. The ground expertise within the WWF network facilitates stakeholder participation and helps provide contextual information for the research team to form more informed hypothesis and judgement.

The project team members have had very close working relationship with external partners and collaborators, as well as companies, communities, and government agencies. This allowed project teams to obtain necessary permits to collect data and to tap into the expertise of those individuals. We were also successful in coordinating with other research groups. This enables us to coordinate our research activities and collaborate on analysis where linkages and synergies can be created.

Key challenges have been the funding and methodological complexity. Regarding funding, all projects remain underfunded, which limits the research team's ability conduct data collection and analysis. As such, the initial results from the research have been preliminary. In some cases, the gaps in activity costs are filled by other project funding, but it is not sufficient to complete the full scope of the research. WWF is now focused on using SIDA funds as catalyst to enable others in the research community to carry out impact evaluations.

Regarding methodological complexity, adapting the gold standard methodology to field reality was a great challenge to all impact evaluation research projects. The natural variability of the sampling sites, lack of baseline data, different impacts across the spatial and temporal scales, among other issues, all played a role in complicating the research design. Because of this, a proper research design usually turned out to be more expensive than originally anticipated, making it difficult to complete the research within the planned timeframe of a few years.

Adaptive management has been an inherent component of all of the research. The research questions and hypotheses have been revised a number of times based on the latest information collected. Research methodologies have also evolved to adapt to the realities on the ground. Members of the teams have worked collaboratively to fill in gaps as needed and support each other to deliver results.

Key Lessons learned include:

Framing the research questions and adapting methods: Even though the gold standard of impact evaluation methods may be ideal, it is not always feasible and need to be adapted to the realities on the ground.

Local stakeholder buy-in: Impact evaluation requires enabling conditions – such as permission from governments, access to private properties, interviewing with individuals. Early buy-in and inputs from key local stakeholders during research design are also essential to ensure dissemination of results and increase the chance that the information can lead to robust monitoring systems.

Collaboration with external experts: Developing mutually beneficial partnership with external collaborators was an important factor that allowed the project to tap into the expertise of renowned scientists.

Tapping into local expertise: Relevant WWF country offices were deeply involved and taking the lead since the early stage of project design and throughout the implementation.

Incentivizing Better Investment and Lending Practices in Financial Institutions workstream: Strengths, Challenges and Adaptive Management

Main challenges affecting WWF's performance over the last year as have been mainly internal challenges regarding sufficient financing and lack of capacity building materials. In the ASEAN countries, having local staff with local language knowledge is crucial for developing long-term successful relationships. However, due to lack of funding, some of the key countries in ASEAN do not have sufficient funding to hire local staff dedicated to commodities finance.

Further challenges are brought upon a significant lack of capacity building materials within the WWF network. The recent reorganization has led to loss of key expertise in the network which could impact WWF commodities finance ability to deliver insight and guidance to financial institutions.

Upcoming challenges regarding insufficient funding must be solved in order to be able to continue building on the excellent momentum and progress made in FY17. As such, WWF's Finance team has spent considerable amount of time applying for long term funding and additionally also applying for funding for WWF's regional offices. These resources together with SIDA funds will support our work for FY2017, however new funds need to be sought for FY2018 and FY2019.

Understanding the relevance on financial constraints to the long-term success of sustainable finance work in ASEAN countries, WWF has submitted two funding proposals to international donors (GIZ and Moore Foundation via WWF US). Through these efforts WWF was able to secure funding for additional headcount in WWF Indonesia and WWF Thailand to work on sustainable finance locally with strategic support of WWF SG. Additional funding was received from WWF Germany to support one staff member in Singapore to continue sustainable lending work with Indonesian and Singaporean banks.

In the past year, WWF's work has become increasingly more strategic by focusing on industry and platform level engagement via partnerships with regulators and banking associations as opposed to engaging in time consuming bilateral engagements. Furthermore, a considerable amount of time and resources has been spent on developing methodologies and materials that could easily be adapted to specific countries and therefore used across multiple countries in Asia. This has helped WWF to stay focused and successfully engage with key people in financial institutions. However, certain challenges such as lack of local on the ground Finance staff, who is crucial for building platform level partnerships and following up with bilateral support to key local banks, remain prevalent. Additionally, the challenge of further developing the responsible investor engagement pillar (part of our 3 pronged strategy), is also yet to be overcome due to the Finance team's limited staff resources.

A key strategy to address some of these constraints is to first lay the groundwork and then deepening it via existing methodologies. Key is customizing the approach by country, finding leverage points and identifying the best champion in the specific area.

A key lesson learned and a critical success factor is to have representation on the ground: local people dealing with local issues and having a Finance team who can translate this knowledge.

In order to achieve maximum impact with existing resources WWF's Finance team has identified that the most effective way to engage the finance sector is to work at the industry/platform level and partner with key institutions such as regulators, ministries and industry associations. This has enabled WWF to achieve significant success in Singapore and Indonesia, which can now be replicated in other countries throughout Southeast Asia.

Working at the industry/platform level also overcomes issues such as financial institution's concerns over lack of level playing field if they are first movers compared to industry level group change. This approach has enabled WWF to position itself as a trusted partner and provides credibility and support for WWF to share its insights with a seat at the table.

Annex X RBM Snapshot

TIMBER, PULP AND PAPER

INDICATOR OF PROGRESS	BASELINE 2014	FISCAL YEAR 2017	MILESTONE 2018
Percentage of production that is produced to WWF-supported sustainability standards globally	14.7% (6.67% virgin fiber, 54% recycled)	14.1% (in paper; 7.5% certified virgin fiber)	15% (in paper: 7% certified virgin fiber, 57% recycled)
Percentage of FSC certified production coming from WWF priority developing countries	Countries were not specified in the baseline	34%	34%
Number of producer or mill certificates (excluding CoC certificates)	1290 Certificates	1462 Certificates	1500 Certificates
Number of country offices actively engaging with industry leaders	N/A	8 Country offices actively engaging with industry associations	10 Country offices actively engaging with industry associations
Number of producer companies taking part in WWF's Environmental Paper Company Index	25 companies reporting on WWF Environmental Paper Company Index (EPCI) 2013	31 companies reported in WWF Environmental Paper Company Index 2015 epci.panda.org	40 companies reporting with EPCI
Number of FSC CoC certificates for all forest products	27 923 CoC Certificates	31 599 CoC Certificates	33 000 CoC Certificates
Number of sustainability tools, analysis, and research products developed and disseminated	0	6	Total of 8 papers published

FARMED FISH

INDICATOR OF PROGRESS		BASELINE 2014	FISCAL YEAR 2017	MILESTONE 2018
Tonnes of global ASC certified salmon and shrimp production & number of certified farms	Salmon	9 salmon farms 18 600 MT	202 salmon farms 587,315 MT	1,000,000 MT salmon
	Shrimp	16 farms	94 shrimp farms 138, 825 MT	350,000 MT shrimp
Number of ASC certified salmon and shrimp farms in WWF priority developing countries	Salmon	Countries were not specified in the baseline	47 farms	150 farms
	Shrimp		74 farms	100 farms
Percentage of production that is produced to WWF-supported sustainability standards globally	Salmon	1%	28%	50%
	Shrimp	Not defined, assumed: 0	4%	10%
Percentage of certified production coming from WWF priority developing countries	Salmon	Countries were not specified in the baseline	23%	35%
	Shrimp		64%	85%
Number of ASC producer certificates for salmon and shrimp (excluding CoC certificates)	Salmon & shrimp	66 farms (9 salmon, 16 shrimp)	296 farms (202 salmon farms, 94 shrimp farms)	250 farms (salmon and shrimp)
Number of farms in Aquaculture Improvements Projects (AIPs) and number of farms in assessment	All species	13 farms in AIP's and 40 farms in assessment	"23 AIP's (21 shrimp and 2 salmon companies) 82 FIA's (47 salmon, 35 shrimp) 32 AIP's and 122 FIA across all species and two FIP's"	40 AIP's across all species
Number of producer groups/industry associations that have made a time-bound commitment to ASC	Salmon & shrimp	3 (GSI, Belize Shrimp Farmers, VNCPC)	14 (GSI, Thai roundtable for sustainable fisheries, 4 Seafood Savers groups, VNCPC + 7 Vietnamese shrimp producer groups and their supply chains)	GSI commitment expanded to additional salmon producers (N/A for shrimp; no producer group exists)
Number of AIPs that include innovative support mechanisms for smallholders	All species	13 AIP's across all species	32 AIP's across all species	40 AIP's across all species
Names and number of formal working groups, processes and governance bodies that WWF participates in, per standard, on the national and international level		9 Aquaculture multi-stakeholder dialogues for the development of ASC standards	10 (2 ASC Feed Dialogue SG, ASC Marine Fish TWG, salmon review TWG, seaweed SG, 2 IFFO RS, IDH TAG, SARF Board, Thai roundtable for Sustainable Fisheries)	WWF on ASC board/steering committee and active in working groups
Number of ASC CoC certificates for all species	All species	373 CoC Certificates	1251 valid CoC holders	N/A

Annex XI RBM

The RBM xls file – MTI RBM_FY17_FINAL - is enclosed as a separate document.

Annex XII Work plan FY 18

MTI WORKSTREAMS, SUPPORTING ACTIVITIES TEAM - HIGH LEVEL WORK-PLAN: JULY 2017-JUNE 2018 (FY18)		
<p>During the final year of the programme, the focus will be to finalize the transition of the Sida programme to new practice structure to ensure maximum effectiveness and impact as well as sustainability of the progress made with Sida funding beyond the programme duration. Further focus will be on socializing lessons learned with particular focus on impact on smallholders and scaling up to landscape level. Last but not least, a better understanding of the impact of sustainability certification, and the market transformation Theory of Change will be a further focus.</p>		
GOALS/OBJECTIVES	FY18 KEY ACTIVITIES TO REACH GOALS	WHO
ENGAGING PRODUCERS IN BETTER PRODUCTION		
<p>By 2020, Key producers/companies are committed to implementing (step-wise approaches to) credible certification and/or Better Production. More producers are engaged and poorly performing producers improve practices.</p>	<p>Drive step-wise approach for agricultural commodities, as well as improvement for FIP, GFTN, AIP, to support national offices and commodity leads, get additional producer commitments to better production of MTI commodities. Support national offices in producer engagement. Widen the scope of national offices to include more producers especially create tools for poor performing producers and smallholders</p>	General
	<ul style="list-style-type: none"> - Implement enabling efforts for the adoption of the business case and influence certification programs to more appropriately address key impacts and build a value proposition for producers that adopt certification. - Development of AIP's for farmed shrimp in Latin America, with funding support of IDH-FIT Fund working with Belize, Honduras and Ecuador shrimp producer's groups, expanding the work to Guatemala, Nicaragua and Brazil; Consolidate and complete AIP's for certified sustainable production in India, Vietnam and Thailand - Certify the 2nd shrimp farm in Madagascar and salmon farms in Chile to ASC standards - Continue working with GSI to support and communicate their commitment to transparency and certification - Complete and implement tracking template and model with calculator for measuring economic cost of bad environmental management. 	ASC

	<ul style="list-style-type: none"> - Publish two better production stories from shrimp in Vietnam and salmon in Chile. 	
	<ul style="list-style-type: none"> - WWF engages with strategically selected sector players (associations etc.) that can serve as an “agent” to propagate Responsible Forest Management and trade at international, regional, and national levels. 	FSC
	<ul style="list-style-type: none"> - Use ZSL's SPOTT tool as basis for connecting better producers with buyers - Support RSPO and growers to develop due diligence systems for mills - Provide guidance to selected growers to improve their sustainability performance 	RSPO
	<ul style="list-style-type: none"> - Build capacity and expertise in China - Tracking and analysis of vessel activities to verify business and partnership commitments - Transparency pilots 	MSC
	<ul style="list-style-type: none"> - Help create the enough availability of better cotton in India and Pakistan to make Better cotton mainstream in market space. - Support farmers to implement BCI compliance with the help of Government Institutions, CSO and farmer organizations and establish transparent chain of custody. Develop inventory of better management practices with the help of knowledge institution and to disseminate them through modern and conventional approaches to the producer in India and Pakistan. - Apply modern communication tools to support standard uptake - Conduct farmer trainings under the Better Cotton Standard System in 5 regions of Pakistan namely Bahawalpur, Multan, Sukkur, Rahim Yar Khan, Muzzafargarh, Sahiwal, Khanewal and four states in India - Maharashtra, Punjab, Gujarat and Telangana - Capacity building and support to the farmers to achieve decent work conditions under BCI Decent Work Criteria in 6 locations in Pakistan and four state in India - Build case for organic cotton in India by developing market linkages and where possible premiums. 	BCI

GOALS/OBJECTIVES	FY18 KEY ACTIVITIES TO REACH GOALS	WHO
STANDARD MAINTAINED & STRENGTHENED		
<p>By 2020 at least five schemes have include WWF recommendations, non WWF endorsed standards apply minimum criteria for priority commodities, priority places have positive impacts, and more producers benefit from standards positive impacts, in particular small scale producers and/in developing countries.</p>	<ul style="list-style-type: none"> - Ensure transition and incorporation of expertise and lessons learned into new practice structure - Develop a proposal on how WWF’s Global Team on Standards and certification can contribute to the Science team to identify tools and methodologies appropriated to measure impacts from certification in different contexts; - Make CAT tool publicly available on ITC web page - Research Assurance Innovations; what are the processes different standards, corporates, etc. are taking; map out different processes and requirements for assurance, risk approaches - Develop map/guidance on when sustainability certification is the most effective tool and what other tools are available and when these might be more effective (with a focus on smallholders, but not limited to smallholders) - Undertake a study to investigate the social impacts (including indirect effects) of sustainability certification and standards has had globally, including effects on community engagements, livelihoods, indigenous peoples as well as labour conditions. 	General
	<ul style="list-style-type: none"> - Participate in RSPO Board, Standing Committees, Working Groups and Taskforces - Participate in RSPO initiative to develop Theory of Change - Participate in RSPO P&Cs Review, completion date Nov 2018 - Build on on-going smallholder development projects to have models that can be scaled up - Address smallholder challenges in RSPO P&C review 2017/8, develop option to make certification more inclusive 	RSPO
	<p>Initiate 3-year social impact evaluation of tuna in Indian Ocean, results of which will be used to drive development and inclusion of social indicators for MSC (in future review process).</p>	MSC
	<ul style="list-style-type: none"> - Continue to work with ASC on new standards for Feed through Steering Committee and TWG's - Continue to work with ASC on new standards for Group certification and Marine Finfish -Continue to work with IFFORS to develop and implement improvers program on two mixed fisheries in SE Asia 	ASC

	<p>Support FSC in developing national/regional standards and market awareness in key countries. Engage in multi-stakeholder initiative and standard setting bodies to ensure the accessibility of FSC by smallholders. Conclude FSC impact evaluation in Peru.</p>	FSC
	<ul style="list-style-type: none"> - Work with implementing partners and farmers in Pakistan to improve social and economic conditions while reducing use of pesticide, fertilizers, and water in crop cultivation under the Better Cotton Standard System - Participate as member in the BCI Council and sub-committees including Standard's Committee - Collaborate with new civil society members - Ensure credibility is maintained in up-scaling approach including by engaging in standard revision process and assurance development process to graduate the performance standards from current state. Lobby for WWF asks on strengthened criteria for biodiversity and water - Engage in second party credibility of 80000 farmers in WWF-India projects to strengthen credibility of licensing process 	BCI

GOALS/OBJECTIVES	FY18 KEY ACTIVITIES TO REACH GOALS	WHO
ENGAGING COMPANIES TO MAKE INCREASED PURCHASE		
<p>By 2020 –the number of companies within top 100 list are sourcing against credible standards and Better Production approaches increases to at least 80%, while the key companies have at least improved their behaviour in regards to sourcing, standards and communicating their work</p>	<ul style="list-style-type: none"> - Contribute to transition Sida programme to new practice structure including participation in sector approach project to ensure SIDA programme agenda is incorporated consistently in company asks across offices - Develop compelling business case for buyer companies, especially in emerging economies, to source sustainably produced commodities - Encourage and assist offices in Asia to convene and lead national multi stakeholder initiatives by commodity or by sector (e.g. retailer) to drive sourcing of sustainably produced commodities - Continue to engage with CGF and AIM-PROGRESS to incorporate SIDA programme agenda in their activities 	Corporate Engagement General
	<ul style="list-style-type: none"> - Develop at least 2 new Corporate partnerships with commitments to ASC - Develop and disseminate tools, analysis, and research products (Commodity Supply Risk Analysis Tool, Certification Assessment Tool, business cases, and impact evaluations) to make the case for sustainability 	ASC
	<ul style="list-style-type: none"> - Undertake 1st regional buyers scorecard in Asia (Singapore/Malaysia) - Launch PO buyers scorecard in calendar year 2018 - Prepare "business case" for buyers in developing countries to source CSPO 	RSPO
	<ul style="list-style-type: none"> - WWF and partners identify, collect, and share business-ready information for buyers through Value Impact Assessment (VIA) Initiative and other platforms - WWF and partners conduct research and/or develop knowledge products on timber trade, timber legality, and other topical issues as per needed to inform buyers about risk management. - WWF and partners launch public campaigns to increase market awareness of sustainability and FSC labelling in key markets (India, China, North America, EU, LAC) - WWF work with industry leaders and committed partners (via GFTN) to achieve legal and responsible sourcing through one-on-one engagement. 	FSC

	Transparency monitoring	MSC
	<ul style="list-style-type: none"> - Launch second ranking of retailers with regard to their cotton policies, commitments and purchases (study prepared during FY17) - Study cotton growing areas of South Punjab (Pakistan) to analyse the entire cotton value chain from farm till ginning to identify and assess the gaps in exiting practices and define role of different supply chain actors. - Conduct workshops for supply chain actors in Pakistan and participated in International conference to generate support from brands, textile mills and ginners for organic cotton 	BCI

GOALS/OBJECTIVES	FY18 KEY ACTIVITIES TO REACH GOALS	WHO
FACILITATING PUBLIC POLICY FOR RESPONSIBLE PRODUCTION & TRADE		
By 2020, producer countries (in WWF priority places) and demand countries (OECS or BRIICs) have documented positive changes in regulations, that promote or enable sustainable commodity production	<ul style="list-style-type: none"> - Continue outreach on SDG publication – including outreach in China - Inform development of jurisdictional (sourcing) initiatives with lessons learned from MTI work and help strengthen public policy work on on-going landscape - Insure lessons learned from MTI and SIDA project work are reflected in new WWF global strategy and goals and incorporated in its implementation - Three Better production stories - highlighting public policy achievements - Raise awareness on companies' societal responsibilities (including their lobbying) beyond their own supply-chains and investigate/contribute to nascent work on corporate governance within the network 	Public Policy General
	<ul style="list-style-type: none"> - Build the capacity of Government Institutions in India on Better Cotton Initiative. - Building the capacity of government departments such as Agriculture Extension department in Pakistan through trainings and workshops for uptake and mainstreaming of organic cotton 	BCI
	<ul style="list-style-type: none"> - Engage with MY and INDO governments to strengthen MSPO/ISPO and include in sustainability journey - Participate in RSPO jurisdictional approaches - Ecuador, Sabah, C Kalimantan, S Sumatra - Engage with EU to ensure PO regulation includes RSPO as main solution 	RSPO
	<ul style="list-style-type: none"> - WWF promotes the adoption and adaptation of enabling environment assessment tool across geographies and commodity productions (e.g. jurisdictional approach) - WWF promotes the adoption and adaptation of enabling environment assessment tool across geographies and commodity productions (e.g. jurisdictional approach) - WWF and partners develop and/or update national legality frameworks and conduct trainings for target countries. - WWF in coordination with wider NGO and civil society actors actively participate in policy consultation and advocacy at national and regional levels 	FSC

	<ul style="list-style-type: none"> - WWF provide capacity building and funding support to local civil society organizations to more effectively participate in public consultation of forest related policies and to better monitor and report illegality on the ground. - WWF and partners provide trainings to government officials to improve legality standards and custom officials on detecting illegal trade of forest products 	
	<p>Transparency benchmarking study to help promote transparency in government's and corporate's practices</p>	<p>MSC</p>

GOALS/OBJECTIVES	FY18 KEY ACTIVITIES TO REACH GOALS	WHO
INCENTIVIZING BETTER INVESTMENT AND LENDING PRACTICES IN FINANCIAL INSTITUTIONS		
Changing bank sector policies to include core environmental values as well as public commitments and the implementation of these commitments by 2020	<ul style="list-style-type: none"> - Continue and build on previous years of capacity-building and develop further training materials development for key financial institutions in Association of Southeast Asian Nations (ASEAN) including the development of an ESG assessment framework and publishing of ESG scorecards for the ASEAN region - Work with CISL on Chinese Sustainable Trade Finance Platform - Building on the work to drive key SE Asian financial regulators to transparency on ESG issues, on-going engagement with key banking sector regulators, banking associations and stock exchanges. - Engagement with key banks in ASEAN and investors in Singapore and Malaysia - Continue support WWF-Indonesia partnership with OJK (Indonesian financial super regulator) 	Finance General
	Building on the work of previous years to promote more sustainable aquaculture financing, develop jointly with GCP, using GCP tools a bank benchmarking methodology and seafood tool	ASC +MSC
	Deliver SPO master classes to banks and regulators in Malaysia, Indonesia and other developing countries	RSPO
	WWF provide information on the risks associated with illegal and destructive practices linking to deforestation, as well as costs and benefits of responsible forestry.	FSC

