



NGO RECOMMENDATIONS ON
The future EU Regulation
to address the forest, ecosystem,
and human rights impacts
associated with products placed
on the EU market



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The European Commission has committed to publish in June 2021 its long-awaited legislative proposal to minimise the risk of deforestation and forest degradation associated with products placed on the European Union ("EU") market. Having followed the development of this proposal closely for several years, we are in firm agreement that, at a minimum, the proposed legislation must:

1 • Establish clear sustainability requirements for any Forest and Ecosystem Risk Commodities ("FERCs") that are placed on the EU market. These requirements must address:

- a - deforestation and forest degradation;
- b - the conversion or degradation of natural ecosystems other than forests; and
- c - human rights impacts linked to deforestation, degradation and conversion of forests or other natural ecosystems, including during production.

2 • Identify FERCs according to objective and science-based criteria.

3 • Apply equally to FERCs and products derived from or containing them ("Relevant Products").

4 • Require operators placing FERCs and Relevant Products on the EU market to carry out comprehensive, effective and ongoing due diligence, including risk assessments and mitigation, to ensure there is no more than a negligible risk that their commodities and products are linked to any of the adverse impacts addressed by the proposal.

5 • Establish equivalent due diligence obligations for financial institutions that provide financial services to entities whose business activities, or the business activities of the corporate group to which they belong, have more than a negligible risk of causing or contributing to any of the adverse impacts addressed by the proposal.

6 • Require operators and traders to provide subsequent traders with information about their FERC and/or Relevant Product supply chains and their due diligence investigations.

7 • Require operators to publish reports about their supply of FERCs and/or Relevant Products and their actions taken to comply with the legislation's requirements.

8 • Establish a robust enforcement framework that includes:

- a - effective, dissuasive and proportionate penalties for non-compliance, including the potential for criminal penalties;
- b - a network of well-resourced competent authorities that proactively carry out checks and controls aligned with clear enforcement plans and structures;
- c - effective EU Member State complaint mechanisms and review procedures; and
- d - rights for third parties to seek redress before EU courts if they are harmed by any adverse impacts addressed by the proposal or by non-compliance with its requirements.

In addition, the Commission should put forward accompanying measures to support governments, civil society, smallholders, and Indigenous Peoples and local communities in producer countries to address the underlying drivers of the adverse impacts addressed by the proposal.

These requirements are explained in further detail on the following pages.

The European Commission has [committed to publish](#), in June 2021, a legislative proposal to minimise the risk of deforestation and forest degradation associated with products placed on the EU market. EU action to address the negative impacts of EU consumption is important because there is a direct link between products placed on the EU market and deforestation, forest degradation and ecosystem conversion and degradation, and negative impacts on the lives, livelihoods and rights of local communities.

One of the tools to tackle this must be an EU Regulation establishing detailed clear sustainability requirements that address deforestation, forest degradation and ecosystem conversion and degradation¹, as well as human rights impacts, and imposing a robust product-based due diligence obligation to minimise the risk of those impacts being associated with commodities and products placed on the EU market.

The new legal framework should also apply to financial institutions authorised to operate in the EU to ensure their financial services do not contribute to the financing of companies associated with forest and ecosystem destruction or human rights violations.



Environmental awareness at the technical school of Yangambi, Democratic Republic of Congo (Axel Fassio/CIFOR)

In October 2020, the European Parliament [adopted a resolution](#) calling on the Commission to develop an EU legal framework, based on mandatory due diligence, to regulate the placing of FERCs on the EU market. That resolution calls for legislation to address the risks of deforestation, degradation of natural forests, and conversion and degradation of other natural ecosystems and human rights abuses, including violations of the formal and customary rights of Indigenous Peoples and local communities. Crucially, the report specifies that the same legal framework should apply to the financial sector.

In December 2020, nearly 1.2 million citizens called for ambitious legislation that gives confidence to consumers that the products they buy are not linked to forest and ecosystem destruction or human rights violations. Such legislation would ensure that the EU can meet its international sustainability, climate, biodiversity and human rights commitments.

This briefing sets out the elements that must be included in the future EU Regulation if it is to achieve real change.

¹We note the Accountability Framework Initiative provides well-informed and widely-accepted definitions for these terms. See: <https://accountability-framework.org/the-framework/contents/definitions/>



Aerial view of the Amazon rainforest, Brazil. (Neil Palmer/CIAT)



A MANDATORY PRODUCT-BASED DUE DILIGENCE FRAMEWORK IS ESSENTIAL

The future EU Regulation must apply to a comprehensive range of commodities, as well as to derived products and products containing such commodities. It must clearly define the environmental and human rights criteria that those commodities and products must meet in order to be placed on the EU market. It must also detail the obligations for operators (the natural or legal person that places those commodities or products on the EU market for the first time, in the course of a business activity), traders (defined as businesses that buy or sell FERCs and Relevant Products after they have been placed on the EU market) and of financial institutions.

1

THE FUTURE REGULATION MUST COVER FOREST AND ECOSYSTEM-RISK COMMODITIES AND PRODUCTS

The future EU Regulation must apply to a comprehensive list of commodities, identified according to objective and science-based criteria. It must include all commodities that are associated with deforestation, degradation of natural forests and conversion and degradation of other natural ecosystems (hereinafter referred to as Forest and Ecosystem Risk Commodities or "**FERCs**"). The regulation must equally apply to all products derived from FERCs or including them or derivative products as components ("**Relevant Products**").

The Regulation should include an initial list of FERCs and provide for the possibility to regularly review and add additional commodities via delegated acts if new commodities meet the same initial objective and science-based criteria. This initial [list of FERCs](#)

should include at a minimum, livestock products (such as beef, leather and poultry), soy, palm oil, timber, cocoa, coffee, rubber and maize.

With regards to timber, the future FERC Regulation should co-exist with the requirements of the EU Timber Regulation ("**EUTR**"), and with the Forest Law Enforcement, Governance and Trade ("**FLEGT**") Regulation and the licenses developed under it. Each would have distinct roles and focus and must be strengthened and coordinated in order to ensure that the benefits of each can be maximised.

The responsibility of determining whether a product is derived from, or contains, FERCs should fall on the operator seeking to place it on the market. This is similar to other [EU laws on product requirements](#).

2

THE IMPACTS COVERED BY THE REGULATION MUST INCLUDE THE CONVERSION AND DEGRADATION OF NATURAL ECOSYSTEMS OTHER THAN FORESTS

The future EU Regulation must apply to FERCs and Relevant Products placed on the EU market that are linked not only to deforestation or forest

degradation, but also to the conversion and degradation of other natural ecosystems.² If the new EU Regulation were to focus on natural forests alone, it would overlook the existing pressure that EU consumption is putting on other ecosystems. It may also trigger, or even worsen, a displacement of land conversion: if forested lands become

² Example of reports: WWF, 2021, *Stepping up? The continuing impact of EU consumption on nature*; Greenpeace, 2021, *Making Mincemeat of the Pantanal*; Green, J.M.H. et al., 2019, *Linking global drivers of agricultural trade to on-the-ground impacts on biodiversity*, PNAS, 116 (46): 23202-23208.

less accessible or appealing for conversion, and demand for land remains the same, pressures on other natural ecosystems are likely to increase.

EU consumption is directly linked to the destruction and degradation of natural forests as well as of other natural ecosystems such as savannahs, wetlands, peatlands, grasslands, mangroves or riparian buffers. Despite the magnitude of the impact that this destruction has on our climate and biodiversity, it often draws less attention than deforestation.

The importance of these non-forest ecosystems is often underestimated. They harbour rich biodiversity (tropical grasslands can host biodiversity levels as high as rainforests), store vast amounts of carbon ([mangrove forests store up to four times more carbon per hectare than most other tropical forests](#)), and provide vital services to local communities, like food, energy and medicines.

3

THE IMPACTS COVERED BY THE REGULATION MUST INCLUDE HUMAN RIGHTS VIOLATIONS ASSOCIATED WITH FOREST AND ECOSYSTEM DESTRUCTION

The Regulation must ensure that FERCs and Relevant Products placed on the EU market comply with international human rights law, so that human rights are not adversely affected. It should guarantee, in particular, the protection of the rights of Indigenous Peoples and local communities ("IPLCs").

Specifically, it should foresee a requirement that, where products originate from land in which IPLCs hold customary rights or otherwise have an interest, operators must ensure the respect of customary and other legitimate tenure rights, guarantee effective participation of all affected rights-holders, and ensure that the Free, Prior and Informed Consent ("FPIC") of Indigenous Peoples, and other collective customary rights-holders, is obtained.

This is in line with the requirements under binding international conventions including the [International Covenant on Civil and Political Rights](#), the [International Covenant on Economic, Social and Cultural Rights](#), the [International Convention on the Elimination of All Forms of Racial Discrimination](#),

For example, the Brazilian Cerrado is one of the most biodiverse savannahs on the planet, is home to a third of Brazil's biodiversity, and contains [underground stores of carbon](#) similar to or greater than those found in more productive forests. This precious ecosystem is experiencing rapid conversion to soy production, with deforestation and ecosystem conversion linked to soy exported from municipalities in the Cerrado contributing [200 times more to total greenhouse gas emissions than from other municipalities](#). Soy from the Cerrado is consumed in the EU, and the EU's risk of exposure to ecosystem conversion is double that of China - the world's largest soy importer - because a [higher proportion of Brazilian soy imported to the EU comes from conversion frontiers](#) in the Amazon and the Cerrado.

To address and prevent these impacts, the Regulation must also apply to the conversion and degradation of natural ecosystems other than forests. This approach is consistent with the resolution adopted by the European Parliament.



Woman carrying vegetables, Yangole, Democratic Republic of Congo (Axel Fassio/CIFOR)

regional human rights treaties, and more specific instruments including the [United Nations Declaration on the Rights of Indigenous Peoples](#), the [International Labour Organisation Indigenous and Tribal Peoples Convention](#), and [Food and Agricultural Organisation Voluntary Guidelines on Responsible Governance of Tenure](#). While FPIC is primarily associated with Indigenous Peoples, FPIC processes are critical to safeguarding against a range of human rights abuses and should apply to all those affected IPLCs.

Human rights violations are both a precursor and a consequence of deforestation, forest degradation and ecosystem conversion and degradation.³ Deforestation and ecosystem

³ Examples of reports: Forests People Programme, 2018. *Closing the gap: rights-based solutions for tackling deforestation*; Human Rights Watch, 2019. *Rainforest Mafias: How violence and impunity fuel deforestation in Brazil's Amazon*; FIAN International, 2017. *Land Grabbing and Human Rights: the role of EU actors abroad*; etc.

destruction are most likely to occur in areas where land grabs occur, and more generally where the rights, needs and perspectives of IPLCs are not recognised or enforced. This is despite the fact that deforestation rates are lower in areas where IPLC tenure rights are formally recognised.⁴ Although communities are estimated to hold as much as 65 per cent of the world's land area through customary, community-based tenure systems, national laws only recognise [10 per cent of land as belonging to IPLCs](#), with another 8 per cent designated for their use.

Moreover, IPLCs are exposed to disproportionate levels of negative social, economic and cultural impacts. Between 2015 and 2019, over a third of all fatal attacks on environmental and land defenders

have targeted Indigenous Peoples, even though Indigenous communities make up only 5 per cent of the world's population. The conversion of forests and other ecosystems to agricultural production often goes hand in hand with conflicts and the violation of IPLC rights.

If safeguards for human rights are not included in the future EU Regulation, it would signal that violating IPLC rights will not have consequences on operators or their suppliers' access to the EU market. This would expose IPLCs to a higher risk of both direct and indirect attacks. Over the last decade it has become clear that initiatives to end deforestation will fail if they exclude mechanisms for rights-holders to raise alarms or actively prevent deforestation.

4 THE REGULATION MUST REQUIRE OPERATORS TO CARRY OUT COMPREHENSIVE, EFFECTIVE AND ONGOING DUE DILIGENCE TO ENSURE THEIR SUPPLY CHAINS AND GOODS ARE FREE OF THE IMPACTS TARGETED BY THE REGULATION

The Regulation must ensure that FERCs and Relevant Products placed on the EU market are not linked to any of the following negative impacts: deforestation, forest degradation, conversion or degradation of other natural ecosystems or human rights violations ("**Targeted Negative Impacts**").

The future EU Regulation should require operators to carry out comprehensive, effective and ongoing due diligence on the FERCs and Relevant Products they place on the EU market. It should provide an explicit requirement that operators may place these goods on the EU market only when, as an outcome of their due diligence, there is no more than a negligible risk that they are linked to any of the Targeted Negative Impacts.

The due diligence process, as laid out in the future EU Regulation, should ensure that operators:

- a - acquire information enabling them to map their entire supply chain and to precisely establish the origin of FERCs (whether in raw form or included in Relevant Products) to be placed on the market;
- b - Reliably detect and assess possible risks of Targeted Negative Impacts; and



Estimating carbon stock in Indonesia (Daniel Murdiyoso/CIFOR)

c - When risks are more than negligible, adopt appropriate mitigation measures to reduce them to a negligible level.

This is consistent with the resolution adopted by the European Parliament.

The due diligence obligation should apply to all operators regardless of their size, turnover or volume of trade. Any exceptions could distort the market and create loopholes.⁵ At a minimum, operators must be required to:

- a - Map their entire supply chain;
- b - Identify and consider all information related to FERCs and Relevant Products including: country of origin; precise area of harvesting, extraction or production (supported by satellite data and images); ecological status of the area; existence of formal and

⁴ Example of reports: FAO, 2017. *Indigenous Peoples are key to protecting wildlife and rural livelihoods*; IPCC, 2019. *Special Report: Climate Change and Land*; FAO Regional Office for Latin America and the Caribbean, 2021. *Forest governance by indigenous and tribal people*.

⁵ It is useful to consider, in this regard, that the EUTR, which provides an example of a product-based due diligence instrument, applies uniformly to all economic entities placing timber and timber products on the EU market without exceptions related to operators' size, turnover or volumes traded.

customary land tenure rights; the circumstances under which land was acquired; approvals obtained to use the land (including evidence of any agreements with IPLCs and evidence that their FPIC was secured); and identity of supply chain participants;

c - Ensure genuine and good faith consultations take place with IPLCs whose rights or interests may be affected by Targeted Negative Impacts, in a culturally appropriate manner and in the form and language and through the representatives chosen by those IPLCs;

d - Include in the risk assessment any relevant information, including NGO reports, indicating a general or specific risk of Targeted Negative Impacts associated with their supply of FERCs or Relevant Products;

e - When any non-negligible risk is identified, put in place mitigation measures that effectively and demonstrably reduce such risk to a negligible level for the purpose of the lawful placement of the FERCs or Relevant Products on the EU market (e.g. amending

contracts with suppliers, providing support to suppliers to change their practices, changing purchasing or investment practice).

Under this approach, when, on the basis of the outcome of the due diligence procedure, the operator is satisfied that any risk of Targeted Negative Impacts is negligible (and therefore the operator has no residual reason to be concerned that the commodities and products may not meet the sustainability criteria set out in the EU Regulation), the operator may place the FERCs or the Relevant Products on the EU market.

If, after finalisation of the due diligence procedure, the operator comes to the conclusion that the risks could not be reduced to a negligible level, the commodity or product cannot be placed on the EU market.

5 THE REGULATION MUST INCLUDE EQUIVALENT OBLIGATIONS FOR FINANCIAL INSTITUTIONS

The Regulation should include a legal obligation on financial institutions to assess the risks of Targeted Negative Impacts linked to potential beneficiaries of loans and other financial services.

In addition to the above, at a minimum, financial institutions must be required to:

a - Conduct due diligence prior to the provision of financial services to those whose business activities, or the business activities of the corporate group to which they belong, have more than a negligible risk of causing or contributing to any Targeted Negative Impacts; and

b - Regularly update their due diligence to consider any new or changed information.

Investigations have revealed that between 2013 and 2019, renowned EU-based banks, such as Santander and Deutsche Bank, have provided €7 billion to six of the most harmful agribusinesses groups⁶ involved in deforestation in the world's three largest tropical rainforests in the Amazon, the Congo Basin and

⁶ Such agribusinesses include: JBS S.A., Marfrig Global, Minerva Foods, Halcyon Agri Corp, the Olam Group, and the Rimbunan Hijau Group



Papua New Guinea. This is despite the fact that some of those banks are [members](#) of the [Banking Environment Initiative](#) to help the banking sector achieve zero net deforestation in its financing by 2020.

[Data shows](#) that the type of finance most often linked to deforestation through forest and ecosystems-risk supply chains typically comes in the form of generalised financial services which are provided at a company or company group level. Examples include general corporate loans, shareholdings, revolving credit facilities (similar to a line of credit) and bonds. However, this financial support does not consider, and therefore fails to address, the environmental or social impact of the activities it facilitates. This is

6 THE REGULATION SHOULD REQUIRE TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

The future Regulation should require operators and traders to provide information about their supply chains and the due diligence undertaken on their goods. This information should accompany FERCs and Relevant Products as they circulate in the EU market. Traders in the EU should only source FERCs and Relevant Products from operators that provide such information and assurances. These obligations

because current reporting mechanisms fail to disclose the relationships between financial institutions and companies implicated in environmental or social impacts. They therefore provide no accountability for financial institutions that are implicated in forest and ecosystem destruction and human rights abuses.⁷

The future EU Regulation should respond to the European Parliament's request to include obligations for the financial sector by proposing a comprehensive due diligence framework that requires banks, insurers and other providers of financial services to identify, assess and mitigate risks that their financial services may support activities resulting in Targeted Negative Impacts.

should not be limited to operators first placing FERCs or Relevant Products on the market. Instead, all traders should be required to convey the same information and assurances they receive when buying FERCs or Relevant Products to subsequent traders.

To achieve this, the legislation should include a requirement for operators to attach a declaration to the FERCs or Relevant products they place on the EU market stating that those goods meet the sustainability requirements set out in the Regulation and that due diligence has been carried out

Gorilla in Uganda's forest (Douglas Sheil/CIFOR)



7 THE REGULATION SHOULD REQUIRE OPERATORS TO PUBLISH COMPLIANCE REPORTS

To ensure transparency and corporate accountability, the Regulation should require operators to publish, at least annually, reports detailing their actions to achieve compliance. At a minimum, these reports should be public and include the type, quantities and origins of the FERCs and Relevant Products, their risk profile and the measures adopted to minimise risks to a negligible level.

⁷ Furthermore, studies have revealed that companies and financial institutions continuously struggle to respect their reporting obligations, and even financial institutions that do report on their financing to the agribusiness sector continue providing finance to companies linked to deforestation. See: Alliance for Corporate Transparency, 2019. Analysis of the sustainability reports of 1000 companies pursuant to the EU Non-Financial Reporting Directive. See also interactive database <https://www.allianceforcorporatetransparency.org/database/2019.html>



Coffee production at Boa Frente, in the Juma Reserve of the Brazilian Amazon (Neil Palmer/CIAT)



THE REGULATION MUST PROVIDE A STRONG ENFORCEMENT FRAMEWORK

The legislative proposal must establish a robust enforcement framework to ensure effective and uniform implementation in Member States and accountability for non-compliance through both public and private mechanisms, including access to justice for impacted third parties. Such a framework must include the following minimum elements.

1 EFFECTIVE, DISSUASIVE AND PROPORTIONATE PENALTIES

The future Regulation must require Member States to establish effective, dissuasive and proportionate penalties for non-compliance that include financial and non-financial penalties and criminal penalties for the most serious offences (such as a deliberate failure to establish a due diligence system and repeatedly placing FERCs or Relevant Products on the EU market without carrying out due diligence). The Regulation should provide guiding criteria for determining penalties, taking into account the value of the FERCs and Relevant Products and the scale, extent and duration of the harm caused by the infringement.

Financial penalties should be high enough to ensure that those responsible derive no economic benefits

from infringements and are dissuaded from future violations. To achieve this, the Regulation should allow penalties to take the form of a percentage of annual company turnover. This is already provided for by [EU consumer protection law](#).

Administrative authorities and courts should also be empowered, when appropriate, to order restrictions on the placing and circulation of FERCs and Relevant Products on the EU market.

The Regulation should expressly entrust the Commission with the task of providing guidance to Member States to ensure consistent and effective penalty regimes across Member States, with a view to preventing "forum shopping" (the placing of FERCs and Relevant Products on the markets of Member States that have a lower level of penalties).

2 A NETWORK OF COMPETENT AUTHORITIES

Member States should designate competent authorities to enforce the future EU Regulation. Competent authorities should be independent, adequately resourced and cooperate with other authorities along the enforcement chain. They should, at a minimum, be empowered to monitor, investigate, evaluate and enforce compliance with the future Regulation, notably by directly imposing penalties on operators, traders and financiers found in breach of the Regulation. Member States should ensure that the acts and omissions of competent authorities are subject to the standards of transparency and access to justice enshrined in the Aarhus Convention.

The Regulation should create a formal network of competent authorities, under the coordination of the European Commission, so as to enable strong coordination with relevant EU and national bodies. The network should be empowered to conduct cross-border monitoring and enforcement actions, and to provide notices and guidelines on the application of the future Regulation, notably on the frequency, nature and form of checks on operators, traders and financiers and on the involvement of prosecutors in cases that may involve criminal infringements. It should also ensure that the action of competent authorities is well coordinated with other enforcement agencies.

3 ROBUST MEMBER STATE COMPLAINT MECHANISMS

Competent authorities must be required and empowered to respond to third parties' concerns and complaints about potential non-compliance with the Regulation. A reliable and effective "substantiated concerns" procedure that builds on lessons from the EUTR is essential for effective and efficient Member State monitoring and enforcement. The Regulation should therefore

provide clear minimum requirements for Member States to establish effective substantiated concern mechanisms, expressly stating that third parties submitting concerns or complaints to competent authorities be granted clear procedural rights to ensure the fair handling of their submissions, including the right to judicial review.

4 THE POSSIBILITY OF REDRESS BEFORE EU COURTS

The Regulation must provide that EU operators can be held accountable before EU Courts for harm caused by Targeted Negative Impacts in their supply chains and for non-compliance with the Regulation's provisions. This is consistent with the position adopted by the European Parliament.

The possibility for stakeholders harmed by EU supply chains to access EU Courts is an essential form of protection against rights abuses, including retaliation against those who assert or defend their rights. This is particularly important for IPLCs and the organisations representing them, who often face

insurmountable barriers to hold responsible actors accountable at home or abroad.

Non-compliance with the Regulation's requirements could also result in unfair competition which harms the interests of compliant operators and traders. Non-compliance could also negatively affect the interests of citizens who want sustainable supply chains and products. The Regulation should therefore allow third parties that are harmed by non-compliance with the Regulation (such as competitors, retail associations, consumers, and environmental and human rights organisations) to bring civil proceedings before EU Courts to seek redress, including injunctions.



COMPLEMENTARITY WITH THE SUSTAINABLE CORPORATE GOVERNANCE INITIATIVE



Peru (Marco Simola/CIFOR)

The proposed mandatory product-based due diligence framework outlined above, and the [initiative on sustainable corporate governance](#) led by the Directorate General for Justice and Fundamental Rights ("DG JUST") are complementary and are both necessary, yet they have very different approaches and purposes.

If the FERC legislative proposal is designed as we are proposing, it would regulate a clearly defined range of commodities and products, with strict environmental and human rights criteria for their placement on the EU market.

The DG JUST initiative aims to improve EU company law and corporate governance through a cross-sectoral ('horizontal') due diligence framework for environmental, social and 'good governance' risks, without imposing any requirements on products and services. This means the DG JUST initiative will operate alongside specific standards and regulations that the EU has defined, or will define, for goods placed on, and services provided in the EU market, including the future EU Regulation on FERCs.



Cabbage seedlings, Indonesia (Ricky Martin/CIFOR)



ACCOMPANYING MEASURES

The future Regulation should be accompanied by other measures to ensure that Targeted Negative Impacts and their underlying drivers, such as poor governance, human rights abuses, insecure IPLC tenure rights, and EU consumption patterns, can be addressed both in producer countries and in the EU (or even other consuming countries). The Commission's [Communication on Stepping up EU Action to Protect and Restore the World's Forests](#) lists five priorities for addressing these underlying drivers.

Accompanying measures for, and dialogue with, producer countries are essential and should include:

- support to enable the participation of and space for all relevant stakeholders, including IPLCs and NGOs, to develop and implement measures to address the destruction and degradation of forests and other ecosystems and to protect the interests of rights-holders;
- technical and financial support to address land use and tenure rights, improve law enforcement, and strengthen legislative frameworks to protect forests, other ecosystems and human rights, especially of IPLCs, in producer countries;
- greater financial support to transition to agro-ecological practices and production that is free from Targeted Negative Impacts and respects human rights;
- equitable, inclusive, multi-stakeholder land use planning to build broad local buy-in for social and ecological food and farming systems;
- direct technical and financial support for IPLCs, smallholders, and community farmers, especially women, to enable them to fulfil the criteria set out in the legislation and to facilitate and support their inclusion in EU supply chains - in particular through supporting the creation of decent sustainable jobs in rural areas and developing sustainable alternative activities, as well as building up negotiating capacities of smallholder farmers and improving labour and land rights in relevant sectors.

The EU should also step up its dialogue with other consumer countries to ensure that new laws regulating the trade in and financing of FERCs are adopted in a wide number of countries. This will maximise the impact of the EU's actions and minimise the risk of leakage (when environmentally and socially harmful commodities and products just move to markets outside the EU).

To facilitate the identification and assessment of risks covered by the future Regulation, the Commission should collect, monitor and analyse data and information on deforestation and ecosystem conversion (such as satellite data), human rights and land tenure violations, and other negative impacts. It should take into account contributions from scientific bodies, civil society organisations and other institutional actors, in both consumer and producer countries, and ensure that the information and data it collects and considers is publicly available.

Finally, the EU's domestic policies need to drastically reduce the negative impacts of the EU food system on forests and other ecosystems. This will entail structural change in the way food is consumed and produced. It will require the adoption of policies that drive a reduction in the EU's production and consumption of meat and dairy products, including a thorough reform of the Common Agricultural Policy, and policies that guide people towards healthier and more sustainable diets.

