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# Environment Bill Briefing: Global Footprint, deforestation and mandatory due diligence

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## SUMMARY

- WWF is a member of Greener UK and Wildlife and Countryside Link. This briefing is intended to supplement the joint Greener UK/ Link Environment Bill briefings.
- For WWF, the Environment Bill is a unique opportunity to drive investment to restore our planet, improve business practices, remove deforestation from supply chains and end the exporting of our environmental impacts.
- The Environment Bill does not currently address the role that the UK is playing in driving the destruction of nature overseas. The UK must show leadership by ensuring the Act includes a target for reducing our international footprint.
- WWF is calling for the Environment Act to contain a Due Diligence Obligation requiring business to assess the environmental and human rights risks posed by their global operations, develop a plan to address these and report on their progress in implementing the plan.

## INTRODUCTION

Right now, Australia is burning. July 2019 saw the highest temperature ever recorded in the UK, and globally, the hottest month since temperature records began. Globally, wildlife populations have decreased by an average of 60% since 1970. Public concern for the environment has never been higher and polling ahead of the general election suggests the vast majority want decision makers to take action that go further and faster to respond to the nature and climate crisis.

Mass deforestation is accelerating climate change and is a leading driver of wildlife extinction due to habitat loss, imbalances in the food chain and water scarcity. The UK demand for 7 key agricultural commodities requires a land area more than half the size of the UK. More than 40% of this overseas land footprint is in countries at high or very high risk of deforestation. We need to break the system that's driving devastation, both in the Amazon and in other valuable landscapes. **WWF is calling for the UK Government to include a target in the Environment Bill to ensure that products consumed in the UK are not causing deforestation internationally in the countries in which they are produced.** A number of mechanisms would be required to deliver on this ambition including mandatory due diligence, strengthening of government public procurement requirements and forming bi-lateral government partnerships between producer and consumer countries.

The Environment Bill is an opportunity to drive investment in restoring our planet both at home and abroad, improve business practices, remove

deforestation from supply chains and end the offshoring our environmental impacts. By delivering a world-leading Act the UK can legitimately be a positive environment leader on the global stage in the run up to COP 26, and at home, the public can reap the social, economic, health and well-being benefits a healthy environment and restored nature brings.

## **THE UK'S GLOBAL ENVIRONMENTAL FOOTPRINT**

WWF welcomed the ambition in the Government's 25 Year Environment Plan, which recognised that we must take account of the impact the UK has on natural capital overseas through its imports. Otherwise we export environmental damage to other countries, which is neither ethically acceptable nor in our own interests.

Research for a study commissioned by WWF and RSPB (Risky Business, 2017) shows that the UK – as the world's fifth largest economy – is a major importer and consumer of seven key commodities closely associated with deforestation and social challenges: beef and leather; cocoa; palm oil; pulp and paper; rubber; soy; and timber. It shows that to supply the annual UK demand for these seven commodities alone requires a land area more than half the size of the UK, and that more than 40% of the UK's overseas land footprint is in countries at high or very high risk of deforestation, weak governance and poor labour standards. The UK must show leadership by ensuring the Environment Act includes a target for reducing our international footprint. We recommend an amendment to the Bill to include global footprint and deforestation, as a specific priority area for the setting of long-term targets

Economic activity, driven by the UK business sector, is a significant contributor to the destruction of nature. That's why we need targets set to ensure our offshoring of environmental impact can come to an end.

WWF is calling for the Environment Act to include:

- A commitment from the government to develop a long-term target for reducing our global footprint;
- specific reference to the development of a target to end all deforestation within our supply chains by 2025 and by 2020 for those commodities included in the Amsterdam Declaration.

At the same time, environmental threats such as climate change, water crises, biodiversity loss and ecosystem collapse are issues that the business community consistently ranks as among the biggest they face. While many businesses have internal environmental policies, as a matter of corporate social responsibility, business sustainability leaders complain that there is no level playing field or consistency and little accountability. The current policy and legislative framework is not proving adequate to halt and reverse the environmental damage caused by our economic activity.

## **A DUE DILIGENCE OBLIGATION IN THE ENVIRONMENT BILL**

There is an opportunity for the UK to lead global progress towards a future where the environment is restored and deforestation is ended.

WWF is calling for the Environment Act to commit the Secretary of State to legislate for a **due diligence obligation** requiring business to assess the environmental and human rights risks posed by their global operations, develop a plan to address these and report on progress. A commitment to a full due diligence obligation should be set out in the bill as part of the steps to improve the environment through environmental improvement plans. The steps should

require the SofS to come forward within 6 months with proposals for obligations on business for all environmental risks. Obligations for business to ensure their supply chains are not causing deforestation should come into effect as soon as possible, in light of the voluntary commitment by many businesses to deliver this for commodities covered by the Amsterdam Declaration by the end of 2020.

A due diligence obligation would help reduce the environmental and human rights harms caused by businesses by requiring companies to identify and eliminate illegal and unsustainable practices from supply chains. The obligation would also provide business with the long-term certainty and confidence they need to invest and adapt and will level the playing field – driving action by less progressive businesses. Such an obligation would bring reputational and financial benefits to British business and the public purse – including supply chain resilience, social license to operate, improved staff retention and in some cases lower operational costs. Organisations that build solutions into their plans and investments at the outset will benefit most. This would also increase the public's confidence in business operations, investments, and products.

The Due Diligence Obligation 'Principles' should require business to:

- identify and assess the nature of the actual and potential adverse impacts of its activities on the environment and human rights both domestically and internationally and throughout their supply chains and investment chains;
- take appropriate action to avoid, mitigate and remediate the negative impacts identified and assessed;
- cease operations and investments where impacts cannot be adequately mitigated;
- report on implementation of the due diligence plan including actions taken and the effectiveness of those actions.

We must reduce and reverse the UK's negative impact on nature abroad and remove deforestation from the supply chains of foods we eat and things we buy. Obligations on the business community to take more responsibility and initiative in addressing the domestic and global damage which their economic activities cause is essential. An Environment Act, including a due diligence obligation would be world leading and would support action to end deforestation. Delaying legislation, or relying on non-regulatory frameworks, to tackle the destruction of nature that is being driven by the UK's overseas supply chains will undermine the UK's position as a global environmental leader.

### Accountability

Enforceability and accountability will be key to the success of the obligation. One of the key findings of the recent review of the Modern Slavery Act TISC provisions was the need for more stringent enforcement and accountability provisions. Lessons can be learnt from this and other pieces of legislation such as the EU Timber Regulations, the Conflict Minerals regulations and the Bribery Act to ensure that companies act, are reducing impact and can be held accountable when non-compliant.

Formal sanctions for failing to carry out the obligation will be required. While this suggests the need for a regulator, the burden on such a body could be reduced by requiring the establishment of stakeholder engagement and complaint processes

The Secretary of State should undertake an assessment of the application of the duty and should formally review the effectiveness of the duty after 3 years, including by commissioning an independent assessment.

The regulator should also undertake periodic more detailed audits of the effectiveness of the measure, focusing on individual companies, sectors or supply chains.

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