

NATURE IS EVERYBODY'S BUSINESS



Our natural world is under threat...

UK businesses and their consumers run the risk of supporting unethical or unsustainable activities through their purchases and imports... contributing to climate change, deforestation, biodiversity loss, soil degradation, water scarcity and human rights abuses.

2,800
GLOBALLY THREATENED SPECIES

INCLUDING THE BOREAN ORANGUTAN AND PYGMY HYPOPOTAMUS, COULD BE UNDER FURTHER PRESSURE FROM UK TRADE IN COMMODITIES¹.

1,265
SPECIES UNDER THREAT IN THE UK

AROUND 1,265 SPECIES, INCLUDING THE ATLANTIC PUFFIN AND RED SQUIRRELL, ARE CURRENTLY UNDER THREAT FROM EXTINCTION IN THE UK, WHILE A FURTHER 169 ARE ALREADY EXTINCT².

Facts & Figures:

Around **\$44 TRILLION**

or >50% of global GDP, is dependent on nature³.

- Nature's decline will cost the world at least £368 billion a year - adding up to almost £8 trillion by 2050 - roughly equivalent to the combined economies of the UK, France, India and Brazil⁴.
- The UK will suffer some of the biggest financial losses - taking an annual hit of at least £16 billion by 2050 - the current combined annual funding for the police, fire service, prisons and law courts⁵.
- Large-scale conversion and degradation of ecosystems for agriculture, intensive agriculture and illegal wildlife trade are major factors that have led to the Covid-19 pandemic⁶ which is likely to cost the global economy at least \$1 trillion⁷.
- The fragility of our current food system has demonstrated that nature-related risks can impact the economy rapidly and can affect all sectors.

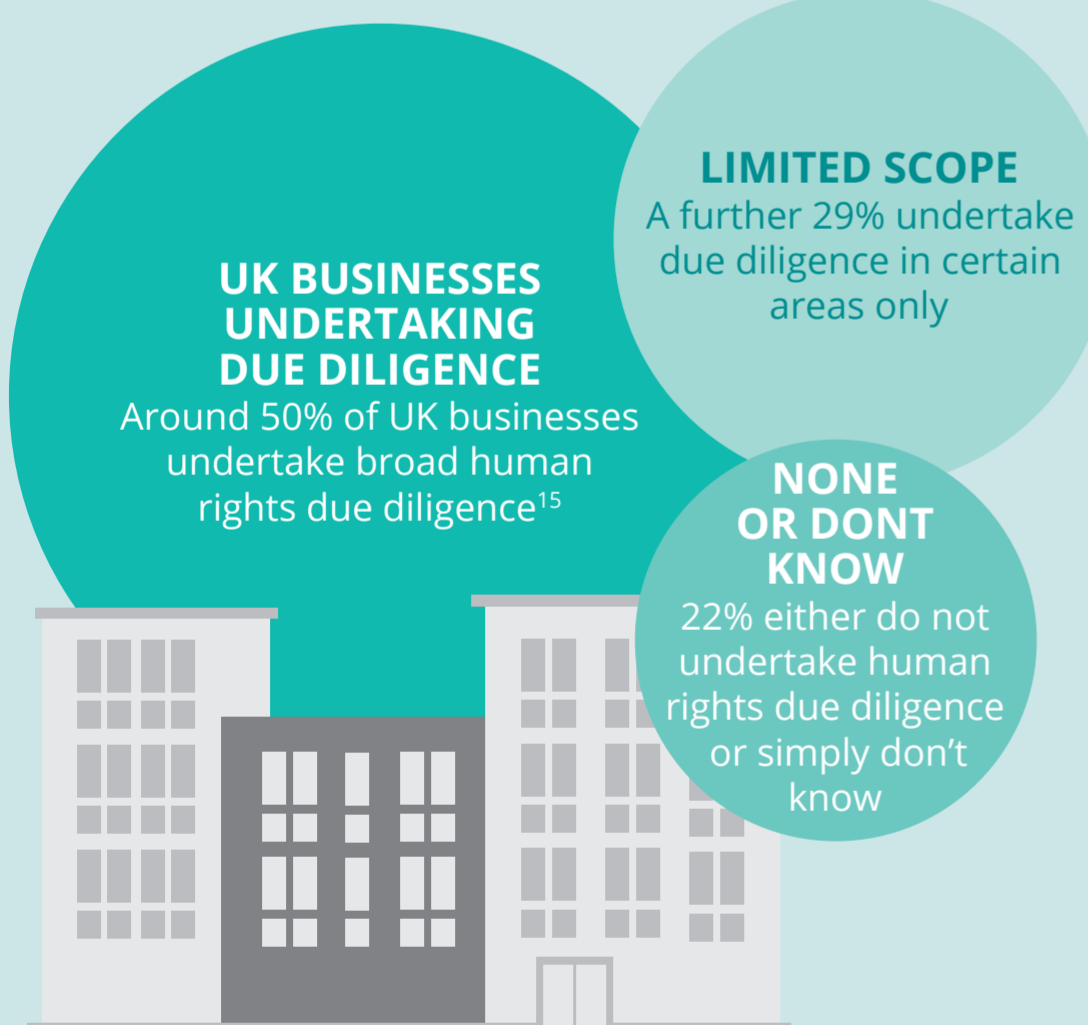
The risks of inaction are immense. But the opportunities from action are equally huge. Action for nature-positive transitions could generate up to \$10 trillion in annual business value and create 395 million jobs by 2030⁸.

WHAT IMPACT IS THE DEGRADATION OF NATURE HAVING ON BUSINESS?

- WATER:** Agriculture currently accounts for ~70% of global freshwater use⁹.
 - 50% of the UK's ground and surface water consumption (direct and indirect) comes from countries which are unsustainably extracting their water¹⁰.
 - 40% of the products imported from overseas (by value) come from countries with areas of high-water risk.
 - The 2010-12 drought cost British agriculture £400 million.
- CLIMATE CHANGE:** Agriculture, forestry and other land uses are responsible for around 25% of net GHG emissions⁹.
 - In 2016, 46% of the UK's carbon footprint came from emissions released overseas - up from 14% in 1990¹¹.
 - Climate-induced natural disasters cost more than \$165 billion globally in 2018¹².
 - Between 2015-16, the UK winter floods cost the country £1.6 billion, of which over £500 million was incurred by businesses (not including agriculture, utilities and transport).
- LAND DEGRADATION:** Over 50% of deforestation and land conversion is caused by commercial agriculture and forestry¹³.
 - Soil erosion is occurring between 10 and 100 times faster than soil formation⁹ - with 12 million hectares damaged every year¹⁴.
 - The cost of land degradation is equal to >10% of annual global GDP, resulting in stranded assets, abandonment of once-productive land and the loss of livelihoods for local communities.
- BIODIVERSITY LOSS:** Between 2016 and 2018, an overseas land footprint more than ¾ the size of the UK was needed to satisfy our demand for just 7 commodities, such as palm oil, soy, beef and timber¹.
 - Overall crop production could drop by 5-8% globally in the absence of pollinators, with much more serious reductions in specific products.
 - Some of these crops such as soft fruit, apples, almonds, cocoa and coffee are economically important and are responsible for a large proportion of value addition through the supply chain.
- SEAFOOD:** As of 2017, nearly 94% of fisheries were over-fished or being fished at the maximum sustainable level.
 - The World Bank estimated annual production revenues to be \$83 billion lower than if fishing were carried out sustainably.
 - The 1992 Cod Moratorium has been blamed for the loss of 30,000+ jobs in Newfoundland and Labrador, together with asset stranding of fishing vessels, gear and packing plants.

HOW CAN AN EHRDD OBLIGATION HELP UK BUSINESSES?

Many UK businesses are either unaware of or are choosing to ignore the risks that they are exposed to.



But this can change...

An Environmental and Human Rights Due Diligence (EHRDD) obligation provides a flexible and proportionate, forward-looking risk-based approach to managing environmental and human rights issues arising from the domestic and international operations and supply chains of UK businesses.

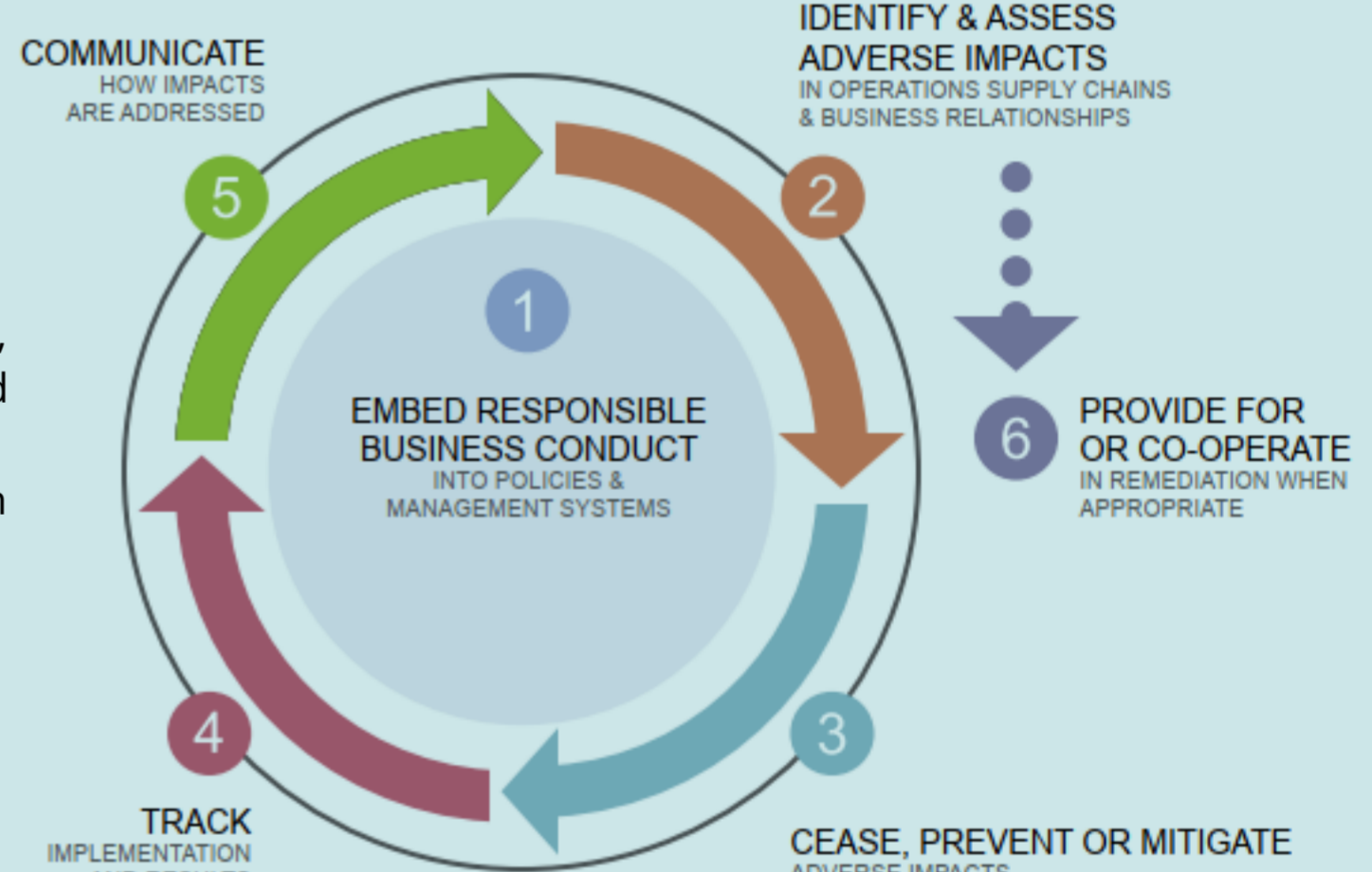


Figure 1: The Due Diligence Process. Reproduced from OECD Guiding Principle, 2018.

BENEFITS OF AN EHRDD OBLIGATION FOR UK BUSINESSES:

MORE THAN **74%** OF UK BUSINESSES AGREE THAT ADDITIONAL REGULATION MAY PROVIDE BENEFITS TO BUSINESS:

- Through providing legal certainty.
- Levelling the playing field, by holding competitors and suppliers to the same standards.
- Facilitating leverage with third parties, including in the supply chain.

Other benefits include:

- Reduced risk of price shocks and the resultant impacts on consumers.
- Increased visibility of which commodities, fresh produce and business models are likely to become more unviable helping mitigate the risks of significant production shocks and 'breadbasket' failures.
- Improved reputation of UK businesses and other interests worldwide.
- An efficient method of consolidating reporting obligations.
- Greater visibility and action to mitigate:
 - Human rights and environmental risks, such as on deforestation and potential supply chain disruption in the short term.
 - Supporting more sustainable supply chains and consumer relationships in the long term.
 - Water risks, both domestically and internationally, reducing the frequency and impact of pollution, droughts and flooding.
 - Climate risks and supporting smarter adaptation action as a result - reducing the risk of 'offshoring' carbon emissions.

BENEFITS OF AN EHRDD OBLIGATION FOR THE UK:

SUPPORTING A GREEN RECOVERY POST-BREXIT:

Protecting and conserving natural ecosystems is vital in reducing the risk of future pandemics, and in securing resilient supply chains.

Taking responsibility for the UK's global environmental footprint through an EHRDD will be an important part of any Covid-19 recovery package.



SUPPORTING DELIVERY OF GOVERNMENT'S POLICY OBJECTIVES:

Enacting this policy will meet commitments made in the 25 Year Environment Plan, as well as the recent recommendations of the Global Resource Initiative.



SUPPORT SUSTAINABLE TRADE AND PRODUCER COUNTRY RELATIONSHIPS:

The UK currently imports between 46-47% of the food/goods it consumes. By identifying and reducing our environmental impacts abroad we can reduce the socio-economic impacts to both ourselves and producer countries which will enable us to keep trading for years to come.

We work with governments, businesses and financial institutions to help them become better environmental stewards.

Read the full report at www.wwf.org.uk/updates/blueprint-responsible-global-business or email business@wwf.org.uk to find out how you can support our call to action!

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