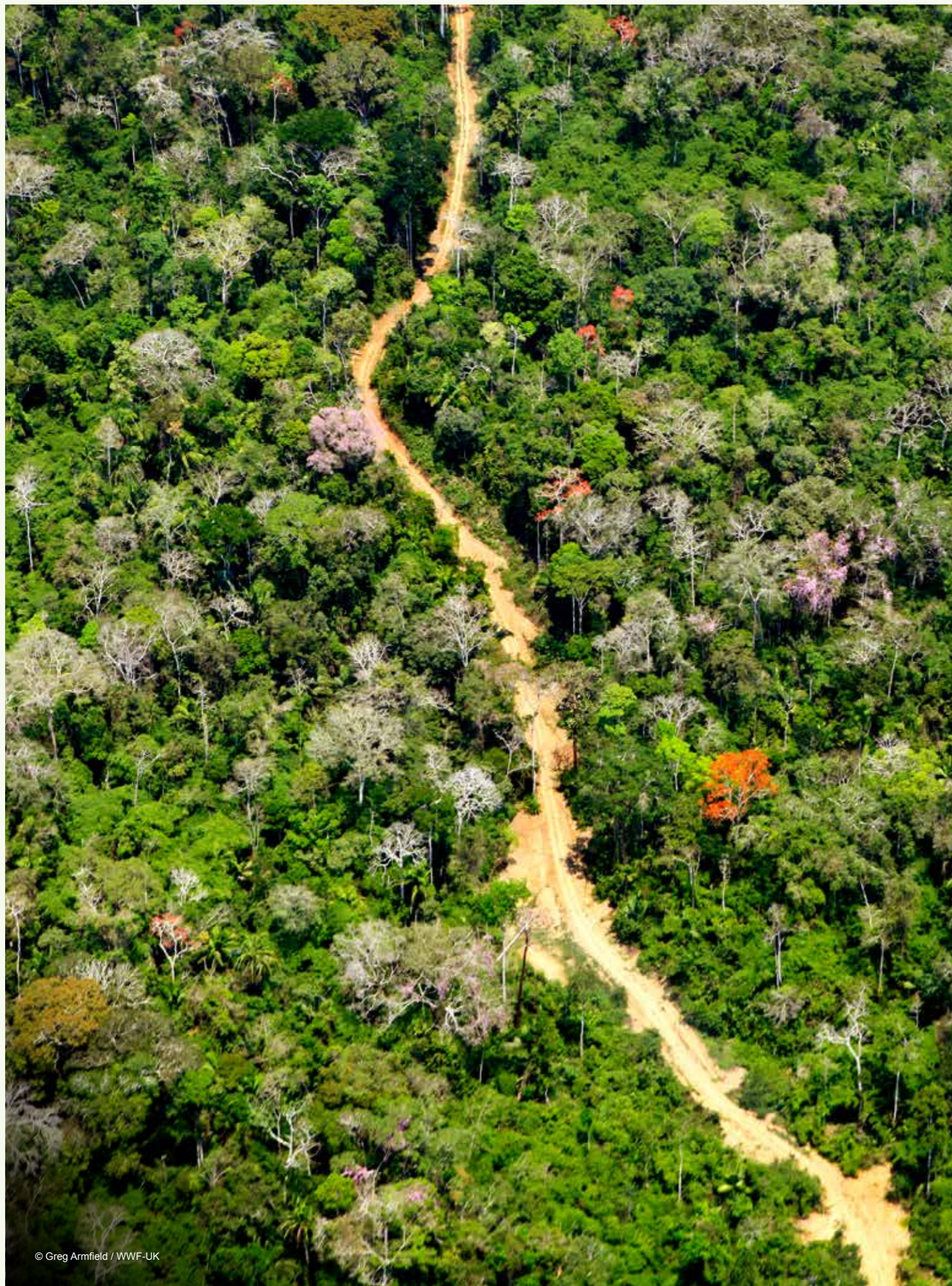


An aerial photograph of a river meandering through a lush, dense green forest. The river is dark brown and reflects the surrounding trees. The forest is a vibrant green, with various shades of foliage. A horizontal bar with a rainbow gradient is positioned above the text box.

FOREST PATHWAYS REPORT 2023

FOREWORD AND RECOMMENDATIONS
FOR THE UK GOVERNMENT



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FOREWORD

Our forests are crucial to our life support system. They help provide our fresh air and clean water, and they are one of our greatest allies in the fight against climate change.

Forests are home to 80% of the world's land-based animals, insects and plant species, and around 300 million people.

But we are losing them at a catastrophic rate.

As we hurtle towards crucial global targets to halt and reverse deforestation by 2030 to avoid irreversible climate tipping points, WWF has published the first comprehensive global assessment of the pathways needed to meet those targets.

We now know that we are failing our forests and the people and nature that rely on them for survival because our progress is far too slow. Our report sets out a blueprint to start meeting global forest goals and bring our forests back to life. But what the world has lacked and continues to lack is the concrete action, the urgency and the political will to get us there.

At the COP26 global climate summit in Glasgow in 2021 I watched pledges and promises being made by world leaders including the UK as holders of the COP Presidency. The role of nature in limiting global warming to 1.5°C was formally recognised, and over 140 countries - representing 90% of the world's forests - committed to reverse deforestation and land degradation by 2030.

But two years on, there's a gaping chasm between where we are, and where we should be. Not only are we not on track to turn deforestation around, tropical deforestation increased between 2021 and 2022.

Rather than meeting the COP26 pledge to significantly increase global investment to help save our forests, we're spending at least 100 times more public funding on environmentally harmful subsidies than we are on finance for forests.

Instead of delivering on the Glasgow commitment to pave the way for trade policies that don't drive deforestation, in 2021 alone global carbon emissions from turning richly forested land into agricultural land to feed the international trade in soy, palm oil, cocoa butter and coffee totalled 392 million tonnes.

In the UK, we're continuing to finance environmental destruction as the food and products on our shelves are produced in ways that are helping to wipe out forests around the world, and that are driving the degradation of our land at home.

And all of this matters. It matters because every hectare of forest lost not only pushes wildlife, habitats and livelihoods closer to crisis point; it edges us a fraction further away from the Paris Agreement goal of limiting global temperature rise

to 1.5 degrees, and a fraction more towards tipping points in forest basins in the Amazon and Congo from which we would not recover.

So we need to go further and faster, at scale, if we are to halt and reverse the destruction we have wrought. At a global level, ending forest-harming finance and subsidies; reforming global trade systems to support forests instead of actively harming them; and accelerating the recognition of the land rights of Indigenous Peoples in some of the world's most precious forest landscapes.

In the UK the pathway is also clear. The Government has made many promises and commitments but is failing to deliver – we do not need more promises, we need action. Under the Environment Act 2021 the Government set out world-leading commitments for a due diligence system to cut illegal deforestation out of our supply chains. Yet two years on, this regime has yet to be brought into force and we have continued to finance deforestation through the products on our shelves.

Not only do we need the due diligence measures in place, we need them expanded to include legal as well as illegal deforestation so nothing in our supply chains is contributing to forest loss. And we need to extend due diligence obligations to the financial services sector which is responsible for billions of pounds of lending and investment to the industries linked to deforesting commodities as well as supporting companies trading in deforesting products. We also need core environmental standards for the way all food sold in and imported to the UK is produced so that the public can be confident that what's in their shopping baskets is not a product of deforestation.

Our report shows that there are positive stories to tell. From forest restoration in Australia creating more habitats for koalas, to community forests in Nepal helping tiger numbers to recover, to the 'Wild Ingleborough' project supported by WWF to restore 1,500 hectares of forest in the Yorkshire Dales. These stories offer us a glimpse of a possible brighter future for our once vibrant forests.

In 2025 world leaders will head to the Brazilian Amazon for the COP30 climate summit. That summit could be a memorial, mourning the end of the world's tropical forests as we know them. Or if our leaders now act with urgency, it could be a historic commemoration of a turning point with our forests on the road to recovery.

If we want to leave a legacy that we can be proud of to future generations, now is the moment to step up and bring our forests and our world back to life.

Tanya Steele
WWF Chief Executive

FOREST PATHWAYS RECOMMENDATIONS FOR UK GOVERNMENT

WHAT DOES THE UK GOVERNMENT NEED TO DO?

To help protect and restore global biodiversity, maintain food security, and help reach net zero UK emissions without offshoring our global environmental footprint, the UK Government must take action to prevent global deforestation. It can do this by removing products that cause deforestation from its supply chains and taking a leading role in international efforts to end deforestation.

As this report makes clear, accountability and responsibility for deforestation must be redistributed to make importing countries such as the UK more responsible for the harm caused offshore by their supply chains. As an importing country, the UK contributes to global deforestation through the supply chains for so-called “forest risk commodities” sold in the UK. Around 27% of deforestation is due to permanent land use change from the production of commodities. At the heart of this is the production of forest risk commodities like soy (used in poultry and pork feed), palm oil, timber, pulp and paper, beef and leather, rubber, and cocoa. WWF has found that in the period 2016 to 2018, the UK’s demand for and trade in forest risk commodities alone required 21.3 million hectares of overseas land- equivalent to 88% of the total UK land area.

There are several key actions the UK Government and Parliament must take in this parliamentary session to achieve zero deforestation in UK supply chains and demonstrate on the global stage leadership and the practical steps that can be taken to end deforestation:

- 1. Bring the best possible due diligence system for forest risk commodities into force as soon as possible, with the broadest possible range of commodities and businesses covered.**
- 2. Expand the due diligence system to include legal deforestation and conversion of ecosystems, not just illegal deforestation.**
- 3. Expand the due diligence system to include financial services.**
- 4. Guarantee political attention and funding at the international level to stop global deforestation.**
- 5. Ensure that core environmental standards for UK imports include deforestation and land use change.**



1. Bring the best possible due diligence system for forest risk commodities into force as soon as possible, with the broadest possible range of commodities and businesses covered.

The UK’s due diligence proposals established by the Environment Act 2021 should be published in 2023 for implementation in 2024. To be effective the legislation needs to be made as strong and clear as possible using secondary legislation to incorporate more commodities and businesses.

The UK Parliament established a due diligence system for forest risk commodities in the Environment Act 2021. The UK can do a lot to stop global deforestation by regulating the supply chains of goods and services sold in the UK and making requirements on transparency for traceability on international importers. By conducting due diligence on the sourcing of the forest risk commodities being sold in the UK, actors are able to invest in appropriate action to verification, sustainable producers and suppliers while the Government prohibits imports of commodities. The responsibility will be placed on companies that potentially profit from deforestation to carry out due diligence and support farmers to protect the remaining forests alongside yields.

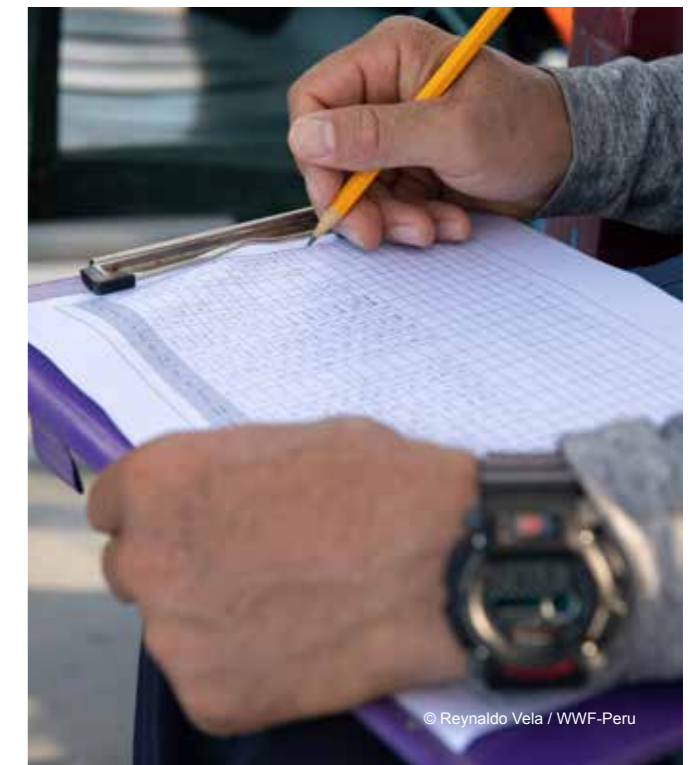
At the time of publication, the due diligence system established by the Environment Act has not been put into effect, even though the Act received Royal Assent in November 2021 and requires no significant spending to put into effect.

As well as putting the existing due diligence legislation into effect, it is also critically important that the Government expands the ambition of the due diligence legislation to: cover a full range of forest risk commodities and relevant businesses; have a minimum 2020 cut-off date; incorporate other natural ecosystems conversion; and maximise the impact of the due diligence legislation by increasing the amount of legal deforestation covered by its provisions.

We are concerned that as currently proposed, due diligence secondary legislation may only cover a limited number of commodities such as soy and palm oil, while we have strong evidence that the deforestation footprint of the UK is driven by significant volumes of other agricultural commodities: beef and leather, pulp and paper, timber, cocoa and rubber.

Similarly, we are concerned the legislation will only cover larger businesses, excluding smaller traders. A whole market shift is required to avoid leakage and ensure unwilling actors do not use alternative means to avoid compliance. The bulk of forest risk commodities are brought into the UK by a handful of traders and manufacturers, so to be effective, all suppliers and customers to these traders and manufacturers should be in scope. However, critically, if the threshold is linked to commercial activity, it may not be effective to include the UK leading manufacturing brands and importers. The current proposal may also have a later cut-off date, which in effect allows companies to continue driving deforestation long after the 2020 cut-off.

Finally, effective governance for due diligence must require full transparency from UK importers to provide data that can verify that the commodity was produced on land that was illegally and/or legally converted from 2020. Full transparency requirements from importers will allow UK companies to equitably meet deforestation- and conversion-free targets and invest in farmers at home and abroad to be a part of their deforestation- and conversion-free transition. Demands for this level of accountability and transparency have already been made by the UK leading retailers with deforestation- and conversion-free targets for multiple commodities and specifically for soy the UK Soy Manifestos signatories.





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2. Expand the due diligence system to include legal deforestation and conversion of ecosystems, not just illegal deforestation.

The UK should legislate to expand the due diligence system for forest risk commodities established by Section 116 of the Environment Act 2021, to include those which contribute to legal as well as illegal deforestation.

The scope of the legislation for a due diligence system established by the Environment Act 2021 is inadequate to deal with the scale of the problem, because it only covers illegal deforestation. This means it fails to cover a significant proportion of natural ecosystem land use change driven by UK supply chains and could encourage devaluation and modification of environmental laws and enforcement in producer countries. It also allows previously illegal deforestation to be more easily legalised in producer countries. The UK's due diligence system will not be "world leading", as the Government has called it, if it excludes a significant proportion of deforestation in this way.

Additional expansion of the legislation to include legal conversion of other natural ecosystems (specifically coastal wetlands, peatlands, and savannahs and natural grasslands) will mean the UK is aligned with the validated Science Based Targets that thousands of companies are working towards globally. Without inclusion of natural ecosystems, reduction of land use change emissions and biodiversity impacts will be minimal. In the Cerrado ecosystem, where the majority of UK soy is produced, up to 70% of emissions are attributed to (both illegal and legal) conversion on savannah habitats. It is therefore clear that inclusion of other natural ecosystems is essential to limit global warming to no more than 1.5C. UK companies are already preparing to stop commercialising this conversion as part of their emissions reduction and preparation for EUDR extended scope with other wooded habitats.

The UK Parliament should therefore pass legislation to expand the due diligence regime to cover legal deforestation and conversion of ecosystems. It could also use this opportunity to expand the law to make it easier to bring into scope other commodities contributing to deforestation.

3. Expand the due diligence system to include financial services.

The UK should use its legally-required review of deforestation finance to expand the due diligence regime for illegally produced forest risk commodities to UK financial services.

Financial services based in the UK are a significant contributor to global deforestation. A WWF study in 2021 showed that UK lending and investment to producers, traders, and processors of forest risk commodities amounted to £8.7 billion in the period 2013 to 2021, and investment in companies trading forest risk commodities remained roughly consistent in the five years after the 2015 Paris Agreement. The study estimated that, when accounting for finance to all companies operating in the supply chain including indirect exposure, the scale of deforestation risk exposure was almost £200 billion. By expanding the due diligence regime to financial services, the UK Government and Parliament can make a significant contribution to ending deforestation worldwide and making the UK a world leader in sustainable finance.

Expanding the due diligence system would require new legislation. However, the UK Government also has an excellent opportunity to demonstrate its commitment to ending UK financing of deforestation worldwide in its review of deforestation finance. Thanks to recent changes to financial services legislation, the UK government is legally required to conclude a consultation on deforestation finance nine months after the coming into effect of the due diligence secondary legislation. This should be used as a clear opportunity to signal a meaningful commitment to ending the financing of deforestation by UK-based financial institutions.



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4. Guarantee political attention and funding at the international level to stop global deforestation.

The UK must invest both political attention and money to be considered as a major progressive force on deforestation globally.

In the past few years, the UK has played a leading role in global negotiations and contributed funding to reduce and end deforestation. As the holder of the UNFCCC COP26 presidency, the UK played a central convening role in agreeing the Glasgow Leaders' Declaration on Forests and Land Use at COP26. This preceded the launch of the Forest and Climate Leaders Partnership at COP27 in 2022, which brought together 26 countries plus the EU to commit to scale up action to halt and reverse forest loss and land degradation by 2030. The UK also played a key role in the development of the Global Biodiversity Framework agreed at the UN CBD COP15 summit in 2022, which included multiple targets contributing to ending deforestation. However, all these commitments are non-binding: the UK must take action to lead global efforts to create binding commitments to end deforestation by 2030 in line with the ambition offered by these agreements.

To demonstrate further meaningful support for transition in producer countries, the UK must now go further to provide the funding needed to ensure these commitments are actually delivered, and must consider ways for its international climate funding to do more to protect the world's forests. Tropical forest loss accounts for around 8% of global emissions, but as of 2021 only 3% of the UK Government's International Climate Finance scheme to support developing countries goes towards protecting forests and other ecosystems. The UK has made some commitments

to make up for this - for example, the £1.5bn over five years to halt and reverse forest loss and degradation announced at COP26 - but in general it has failed to live up to its ambitious international pledges. Moreover, cuts to UK international development finance and delays to domestic net zero policies represent serious concerns and undermine the credibility and influence of the UK globally. Dropping or cutting the £11.6bn International Climate Finance pledge for 2021-2026, for example, would be a disaster.

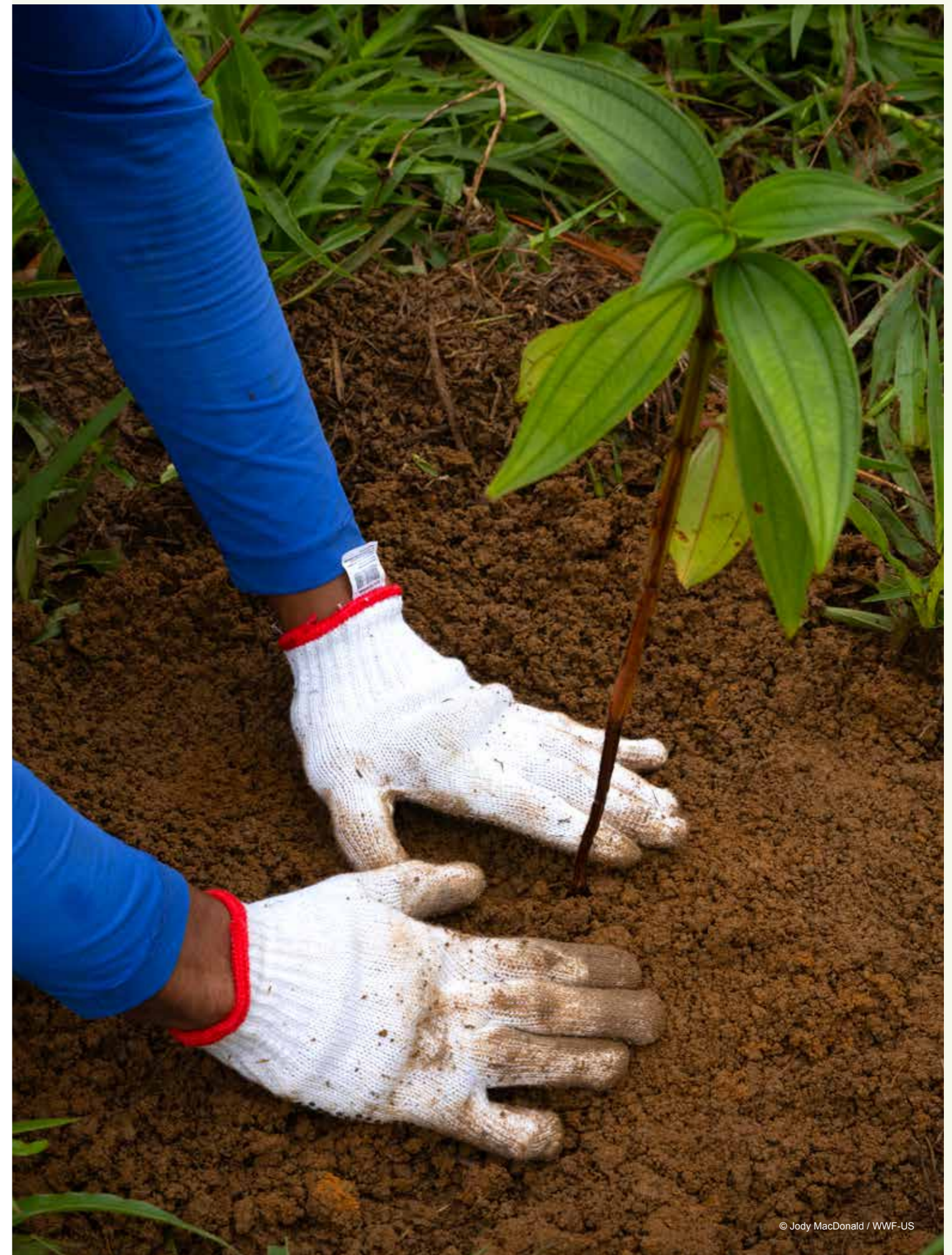
5. Ensure that core environmental standards for UK imports include deforestation and land use change.

Establishing core environmental standards for the way imported food is produced that include deforestation and land use change metrics is an essential part of upholding the UK's environmental standards and reducing the impact of the UK's food system on deforestation abroad.

The UK Government has promised to uphold the UK's food, environmental or animal welfare standards in trade negotiations. However, despite commitment and support, we do not yet have any mechanisms to ensure we can uphold the UK's food and environmental standards in trade. Core standards would set common sustainability thresholds for all food sold in the UK: whether produced at home or imported from abroad. They would ensure that imports are not undermining the environmental standards of UK farming by requiring comparable standards of farmers who want to export to the UK, and prevent offshoring of our environmental impacts. The UK Government also has an opportunity in this parliamentary session to establish a commission to investigate the development of core standards and propose means of implementation.



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