

5 October 2020

To: The Rt Hon George Eustice MP Secretary of State for Environment, Food and Rural Affairs

Dear Secretary of State,

Ref: Role of due diligence requirements in addressing global deforestation

Our global forests are critical resources that require protection. As the Government has acknowledged in its latest consultation document, more than half of tropical forests worldwide have been destroyed over the last 60 years primarily due to agricultural expansion. Whilst this change has enabled expanded food production to feed our growing population, the loss of these vital ecosystems is no longer necessary to do so. If we are to achieve the Government's Net Zero ambition to reduce the risk of catastrophic climate change, we need to rapidly address the root causes of losing these critical ecosystems.

The Government's proposal to introduce a due diligence requirement on business is welcome as we recognise that the private sector has a critical role in addressing global deforestation. We are fully supportive of the government's intention to develop a coordinated strategy to set a level playing field where sustainable commodities are the norm throughout the UK and beyond. To that end, we encourage the Government to go further in the proposed Environment Bill to ensure that this opportunity establishes an effective, workable, and cost-effective framework for halting all forms of deforestation.

We respectfully ask that the Government consider the following as it moves forward with this process:

1. **Align the definition of deforestation free with what is necessary to achieve Net Zero.** The [Accountability Framework Initiative](#) (AFI), [GRI](#), and major commodity producers and users – such as ourselves – have definitions that include all forms of deforestation and land conversion to prevent unintended losses of these natural ecosystems. This definition is also the stated aim of the UK government sponsored roundtables on sustainable soy and palm oil. Restricting action to illegal deforestation only would not achieve halting the loss of these natural ecosystems, especially when producing country governments have discretion to decide what is legal or have inadequate enforcement mechanisms, and local land title and clearance records can be unreliable or absent. This is particularly evident when in some landscapes [95% of deforestation has been illegal](#).
2. **Adopt thresholds that reflect the scale influence of the company.** The [WWF Riskier Business](#) report demonstrates that there are significant differences in the volumes of materials that are used and the UK actors responsible for their importation. We welcome the proposal of having a threshold to determine what requirements are present, but this needs to be based on the volume of material and not the size of the company as well as clearly capturing consumer goods manufactured overseas including these forest commodities. In many cases you may have a smaller business importing a low value material – such as rubber – that is imported at much greater volumes than by some of our companies. The most efficient response is to ensure that the first importers of raw materials over a certain volume, rather than purely by company size, are included in scope, and that no UK-based company can use offshore manufacturing to avoid the new requirements.
3. **Facilitate an enabling environment for our companies to act.** We have been working with our supply chains to collect and verify information related to the origin and quality of at-risk commodities for years. There continues to be a significant barrier in supply chain transparency where many companies are unwilling (e.g. local trade secrets laws, confidentiality clauses) or are unable (e.g. absence of reliable land titles, local laws limiting use of maps) to provide the details of their suppliers or the sourcing. Whilst many major material suppliers are not based in the UK, it would help considerably the implementation of the Government's goals in this area if the legislation could directly obligate materials suppliers or traders in or importing into the UK to

disclose (with permission to publish) the required supply chain information to their customers. In short, with the right enabling framework this legislation could provide the necessary provisions to ensure food production and material supply companies are engaged in standardised reporting – like the Streamlined Energy and Carbon Reporting requirements – to facilitate the flow information that will be required to achieve deforestation free supply chains, whilst using a “best possible diligence” standard (please see below).

4. **Implement sector-specific requirements.** Commodities should have different and pragmatic pathways in place that recognise the differences in their production and supply chain contexts, and allow for programmes that seek to improve agricultural practice and restore land. It is important to develop a roadmap of requirements that recognise that different commodities are at different places in terms of traceability, transparency, producing country conditions, and certification potential. One of the primary mechanisms we have available to ensure compliance with our own zero deforestation ambitions today is to utilise chain of custody certification systems – such as RTRS, ProTerra, RSPO, and trader schemes - that have sufficient criteria in place. Where certification is not available or effective, then companies need to ensure a robust system is put in place to manage a traceable and monitored chain of custody. Such a system invariably needs to be supported by transparent supply chain disclosure as mentioned in point 3 above. Additionally, this Bill will rightfully place new obligations on the importers of these materials that may take them some time to achieve in a manner that will provide the auditable evidence that we, and the Government, would expect to demonstrate compliance.
5. **Protect the vulnerable.** It should be recognised that smallholders are often the most marginalised part of the supply chain. Many multinational companies may need to respond with broad policies to ensure a high degree of verification that may not be able to be proven by these small land holders. Should this take place, such farmers may be inadvertently pushed into less responsible supply chains. As above, sector specific consideration should be applied to any minimum farm size thresholds to account for the significantly different considerations of what a smallholder is.
6. **Incentivise good behaviour not only avoidance of problem areas.** Companies should be encouraged to promote good actions in the supply chain. As the Government moves forward to secondary legislation we encourage the consideration of positive steps that could be used to illustrate how best to support responsible production so unintended consequences of simply shifting landscapes for sourcing does not occur.
7. **Allow for restoration and remediation.** Reasonable allowance for continued business whilst time-limited remediation and restoration projects are conducted would also help both achievement of the Government’s goals and protect the livelihoods of large numbers of farm workers.
8. **Continue to consult and collaborate with the private sector.** Although this consultation relates to the primary legislation only, the challenges being raised affect the reference points for the secondary legislation. Keeping active engagement on these matters open between Government and our supply chains will be critical to ensure that the requirements are ambitious, practical and efficient to comply with.

In short, we applaud the effort of the Government to bring forward legislation that will create a level playing field. This is a step forward, but it’s not currently envisioned to be enough to halt deforestation and we encourage the Government to go further to embrace requirements that will address this issue.

We look forward to working with you in the coming months to develop a world leading regime that can deliver on our joint ambition to end all forms of deforestation.

Signatories overleaf.

Signed:

Aldi Stores GB

Asda

The Co-op

Cranswick plc

Greencore

Hilton Food Group plc

Iceland Foods Ltd

Lidl Great Britain

Marks & Spencer

McDonald's UK & Ireland

Wm Morrison Supermarkets Plc

Mondelēz International

Nandos

Nestlé

J Sainsbury plc

Ocado

Pilgrim's Pride Ltd (formerly Tulip Ltd)

Sustainable Restaurant Association

Tesco plc

Unilever plc

Waitrose & Partners

Young's Seafood