

Partnerships for
Forests

UK Global Resource Initiative:
supporting policy change and
actions to address deforestation
within UK supply chains

Case study
September 2022

UK Global Resource Initiative: supporting policy change and actions to address deforestation within UK supply chains

This case study illustrates the impact of the UK Global Resource Initiative (GRI) on helping to drive policy change to address deforestation linked to UK supply chains. It explores how the GRI recommendations supported the development of the UK due diligence legislation that prohibit larger businesses in the UK from using key forest-risk commodities.

Partnerships for Forests is a UK Government funded programme and has supported the GRI since 2018. The information presented in the case study do not represent the views and opinions of UK Government.

Introduction

THE COMMODITY-DRIVEN DEFORESTATION RISK IN UK SUPPLY CHAINS

Global demand for agricultural commodities grown in tropical habitats results in significant deforestation and land-conversion of vital ecosystems. As outlined in the [Riskier Business: the UK's overseas land and footprint](#) report by WWF-UK and RSPB, the key forest-risk commodities imported by the UK are: beef and leather; cocoa; palm oil; pulp and paper; rubber; soy, and; timber. These commodities are also linked to human rights violations, including tenure rights of indigenous peoples and forest communities. Major consumer countries have responded by taking responsibility for the impact of the goods they import and are acting in partnership with producer countries to support growth of sustainable deforestation-free commodities that support economic development and local livelihoods.

THE GRI: ACTIONS TO GREEN UK SUPPLY CHAINS

Following publication of the UK's [25 Year Environment Plan](#), the GRI was launched in October 2018 to consider how the UK can reduce its impact on the global environment and improve sustainability within UK supply chains. It was set up as a cross-government initiative between the Department for Environment, Food and Rural Affairs (Defra), the Department for Business, Energy and Industrial Strategy (BEIS), and the Foreign, Commonwealth & Development Office (FCDO).

An independent GRI Taskforce and a series of Working Groups were formed to bring together expertise from sustainability leaders from over

200 organisations and individuals across business, finance, and civil society with the goal of producing a set of recommendations.

THE GRI: RECOMMENDATIONS REPORT

The [GRI Final Recommendations Report](#) was published in March 2020. This set out a strategic approach for the UK to tackle deforestation and land conversion within global agricultural and forestry supply chains.

The report produced an ambitious and practical package of 14 interconnected recommendations under the following themes:

- 1) [Setting out a strategic pathway](#)
- 2) [Driving demand for sustainable commodities](#)
- 3) [Aligning collective global action and finance](#)
- 4) [Accelerating innovative change and tracking progress](#)

The recommendations were designed as a package of measures, in recognition of the fact that collective action is required from key actors at multiple levels to overcome the complex challenge of commodity-driven deforestation and land conversion.

The GRI recommendations outline key priorities across different policy areas. These include introducing a mandatory due diligence obligation on forest-risk commodities for business and finance, building long term partnerships and trade relationships between producer and consumer countries, mobilising funds to support sustainable commodity production and unlocking finance for forests through enhancing high-integrity carbon markets.

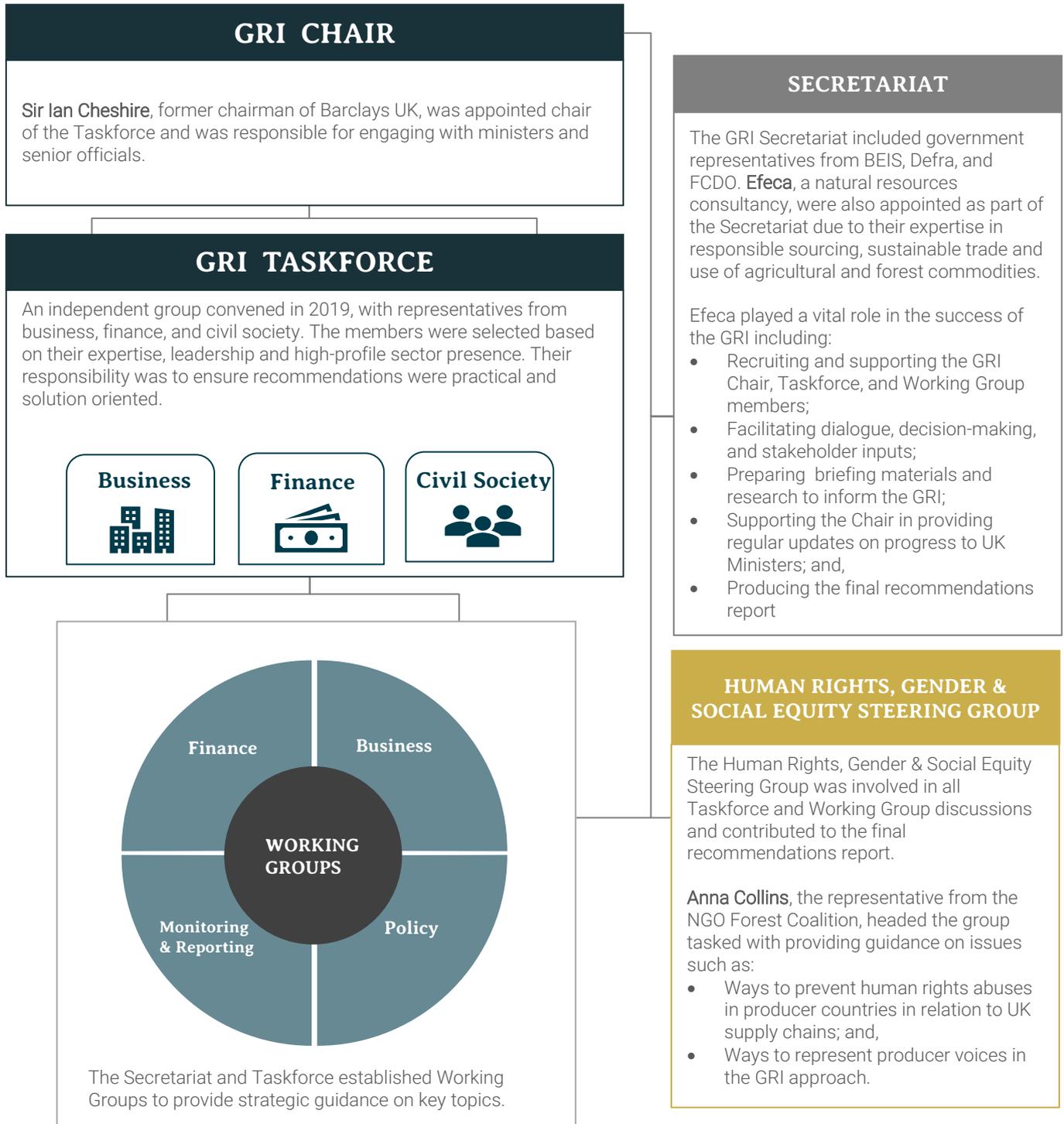
This case study in particular shows how the GRI supported the development of mandatory due diligence legislation that addresses deforestation in UK supply chains.



Establishing the GRI: the model

The multistakeholder approach culminating in the Taskforce was integral to the success of the GRI (see **Figure 1**). It allowed key influential actors from different sectors to collectively provide solutions. It also provided the UK Government with access to stakeholder views, data, and connections that fed into the recommendations report.

Figure 1. The GRI model



The GRI recommendations and UK Government action

Through the multi-stakeholder approach outlined in Figure 1, a package of recommendations, recognising that no one recommendation can work in isolation, were produced to address the impacts of the UK's global commodity supply chain footprint. The UK Government's response to the GRI report was published in November 2020 and set out the government's approach and commitment to the recommendations.

A detailed summary of the GRI recommendations and key UK Government actions to-date are presented below.

1) SETTING OUT A STRATEGIC PATHWAY FOR THE UK

STRATEGIC SUSTAINABLE COMMODITY ACTION PLAN

The UK Government's response outlines plans to work with UK and international partners and embed recommendations into existing and new initiatives. It does not contain an action plan with a timeframe.

A LEGALLY BINDING TARGET TO END DEFORESTATION IN UK SUPPLY CHAINS BY 2030

Although a specific target has yet to be set by the government, Defra commissioned the Joint Nature Conservation Committee (JNCC) to [research options on indicators for measuring UK consumption impacts on the environment](#). This resulted in [a new experimental statistic](#) and a [dashboard](#) was published in October 2021 to act as an indicator of the global environmental impact of UK consumption.

ONGOING INDEPENDENT ADVISORY TASKFORCE

The GRI Taskforce was commissioned until December 2021 to explore how the due diligence recommendation can be applied to the finance sector. Although no longer active the government will retain contact with Taskforce members for future advice and consultation.

2) DRIVING MARKET DEMAND FOR SUSTAINABLE COMMODITIES

MANDATORY DUE DILIGENCE OBLIGATION

The UK's due diligence legislation on forest-risk commodities was passed as an amendment to the Environment Bill in 2021 and is now included as Schedule 17 of the 2021 Environment Act. While secondary legislation is still in development, Defra held an open consultation that closed in March 2022. The GRI carried out further research on applying due diligence to the finance sector in 2021 and presented to the government an additional GRI Finance report in May 2022 with further recommendations.

STRENGTHENING PUBLIC PROCUREMENT REQUIREMENTS (across all of government)

The [Greening Government Commitments](#) are targets set for UK Government departments to reduce their impact on the environment (including through sustainable procurement) and embeds the Government Buying Standards for Food and Catering Services (GBSF). In October 2021, [the 2021-2025 commitments](#) released an update indicating that the sustainable procurement commitment is awaiting review and will factor in the GRI recommendations. In June 2022, Defra published a [consultation on public sector food and policy](#) that proposed changes including updates to the GBSF such as strengthening sustainable sourcing requirements for palm oil and extending this to other commodities including soy, cocoa and coffee.



**FOOD SERVICE ACTION PLAN AND
BROADER BUSINESS ENGAGEMENT**
(starting with the food service sector)

Through the industry-led, government funded UK Roundtables on Sustainable Palm Oil and Soya, leading food service actors are being supported to develop sustainable sourcing practices. Efeca is part of the team leading this work to deliver the objectives of the Food Service Action Plan. These include implementing a [Sustainable Commodities Resource Hub](#); sector plans focusing on the food service and animal feed sectors, and outreach and engagement with key food services sector trade bodies including the Sustainable Restaurant Association. The support and information provided by Efeca to key trade associations and their members, will support them to comply with any updates in government policy including the due diligence regulation.

**SUPPORTING CONSUMER TRANSITION
TO SUSTAINABLE CONSUMPTION** (e.g.
healthy diets, reducing food waste)

The [National Food Strategy \(Part 2\)](#) was published in July 2021 and provides an independent review of the challenges of healthy diets, producing food sustainably and protecting national food security, while also addressing related issues such as trade and the cost of food. The strategy considered the GRI Recommendation relating to the role of consumers in tackling deforestation and informed the [Government Food Strategy](#) published in June 2022.

3) ALIGNING COLLECTIVE GLOBAL ACTION AND FINANCE TO DELIVER AT SCALE AND PACE

BUILDING PARTNERSHIPS AND TRADE
(between producer and consumer
countries)

The UK launched the FACT Dialogue in November 2021, co-chaired by the Indonesian Government. It supports government-to-government dialogue between key producer and consumer countries which trade in forest-risk commodities. The establishment of the dialogue was a result of the GRI recommendation that built on an existing portfolio of work within the UK Government and helped make it a top priority for COP26. Additionally, the UK secured commitments on sustainable supply chains in the G7 including the [Trade and Climate and Environment](#) Communiqués, and the [Nature Compact](#).

**CONVENING A GLOBAL CALL FOR
ACTION**

The UK was a signatory of the [Leaders Pledge for Nature](#) and the [Glasgow Leader's Declaration on Forests and Land Use](#). At COP26, as part of the FACT Dialogue, the "[Roadmap for Action. Joint statement: a shared path forward](#)" sets out actions under four key areas: 1) trade and market development 2) smallholder support 3) traceability and transparency, and 4) research, development, and innovation.

**SUSTAINABLE COMMODITY IMPORT
GUARANTEE**

The Government commissioned a [Sustainable Import Guarantee \(SIG\) Scoping Report](#) led by Efeca. The preliminary study published in March 2021, concluded that the SIG may not be applicable at-scale to large companies which import commodities as they do not use bank finance in a way in which a government guarantee can be applied. This is currently being taken forward by the Green Finance Institute, an independent organization with a commercial focus.



STRENGTHENING HIGH-INTEGRITY CARBON MARKETS (including establishing London as the global centre for high integrity carbon trading)

The Government launched the [Voluntary Carbon Markets Integrity Initiative \(VCMI\)](#), in part as a result of the GRI recommendation to accelerate high integrity carbon markets to unlock finance for forests. A complementary coalition, the [Lowering Emissions by Accelerating Forest Finance \(LEAF\) Coalition](#), was also launched and its Secretariat will be hosted by the Green Finance Institute.

MOBILISE BLENDED FINANCE TO CHANNEL CAPITAL TO FORESTS, FARMERS AND COMMUNITIES AT SCALE

UK government funds the Partnerships for Forests (P4F) programme, which catalyses significant investment into regenerative business models that allows the private sector, public sector and communities to achieve shared value from forests and sustainable land use. As of 2021, P4F has mobilized over £420 million of private sector investment in projects across Africa, South East Asia and Latin America. In March 2021, BEIS committed £150m to Mobilising Finance for Forests (MFF) Programme, to mobilise private sector investments to protect tropical rainforests.

Building on these and other commitments, the UK has committed £3 billion of International Climate Finance to protect and restore nature and biodiversity, between 2021 and 2026, including £1.5bn to support better management of forests. The UK Government has also supported a Deforestation Free Finance Initiative which was launched by a group of 30 leading financial institutions with more than \$8.7 trillion in assets. The group [committed to work on eliminating agricultural commodity-driven deforestation](#) risks in their investment and lending portfolios by 2025.

4) ACCELERATING CHANGE THROUGH INNOVATION, TRACKING PROGRESS

SCALING AND COMMERCIALISATION OF TECHNOLOGIES AND INNOVATIONS

Previous funding committed by the UK Government includes the development of tools and initiatives that increase transparency in relation to forests, land use and agricultural commodity supply chains, including the Global Forest Watch (GFW), Transparency for Sustainable Economies (Trase) and the Zoological Society London's Sustainability Policy Transparency Toolkit.

A FRAMEWORK FOR MONITORING AND REPORTING (building on the core principles of the Accountability Framework Initiative)

The UK Government is a major donor to the Accountability Framework Initiative (AFI) and other UK-supported supply chain transparency initiatives which strengthen understanding of commodity supply chain risk. As previously mentioned, the government commissioned the JNCC to develop the Global Environmental Impacts Indicator, which will report annually on the estimated area of deforestation, in hectares, associated with UK consumption.



How the GRI supported policy change and actions

Although addressing tropical forest loss has long been on the UK Government agenda, the GRI recommendations have kept the focus on retaining deforestation as a top priority for the UK Government to accelerate further action at home and abroad.

The GRI has mobilised UK policy engagement in relation to the link between commodity-driven deforestation and supply chains, with the recommendations providing a mandate to make progress on challenging areas such as mandatory due diligence, collaborative partnerships and blended finance. The evidence and recommendations provided by the GRI Taskforce supported the development of policy reforms and helped to inform government's strategic approach to transform the UK's commodity supply chain over the next decade.

The GRI has showcased the effectiveness of expert multi-stakeholder processes through working groups and high-level dialogues in providing pragmatic, experienced-based direction, to raise the bar for government action. The governance model provided the opportunity to drive collaborations and encourage thought leadership across experts and sectors. Key learnings from the GRI as a model of change, were also shared with international stakeholders, including a WTO Committee on Trade and Environment, the Belgium Government, and a Chinese delegation from the Chinese Academy of International Trade and Economic Cooperation (CAITEC) organised through the UK government funded Forest Governance, Markets and Climate (FGMC) programme.

The group also supported private sector action by highlighting the fact that these critical environmental concerns should be a top priority. By raising the profile of deforestation, companies and financial institutions are further motivated to act on deforestation risks.

Two years after publishing the GRI recommendations, the report continues to act as an influential engagement tool which urges the government to act. This includes an [open letter calling on the UK Government to ensure new laws on addressing deforestation cover all commodities](#), signed by key NGOs such as the WWF, ClientEarth and Greenpeace UK.

THE GRI ACCELERATED UK GOVERNMENT ACTION TO IMPLEMENT THE NEW DUE DILIGENCE LAW ON FOREST RISK COMMODITIES

A key recommendation from the GRI Taskforce was for the UK Government to set a due diligence obligation for the business and finance sector working with forest-risk commodities. In November 2020, the UK Government responded to this with a new [due diligence legislation](#) that will make it illegal for larger businesses operating in the UK to use key forest risk commodities produced on land illegally occupied or used.

Prior to the due diligence obligation being announced, the government launched a [public consultation](#) that was designed to inform their response to the original recommendation. The [consultation received approximately 60,000 responses](#) from a wide range of stakeholders, with over 99% of responses strongly supporting the new legislation. As a direct result of the consultation responses and the in-depth work of the GRI, the government introduced the due diligence on forest risk commodities amendment to the Environment Bill. The legislation was passed through the [UK Environment Act 2021 \(Schedule 17\)](#). In June 2022, Defra published the [responses to the public consultation](#) to gather insights on the details of the regulation, such as the commodities and businesses that will be affected. The feedback collected will help the department develop the secondary legislation that will define how measures will be implemented.

The regulation represents a significant step forward, demonstrating the UK's commitment in tackling global deforestation. However, there has been criticism from various actors including industry and civil society that the measures are not strong enough, and do not fully align with the principles recommended



by the GRI Taskforce. These include the recommendations to address human rights abuses and environmental risks and making the regulation applicable to all sectors.

In 2021, in recognition of the fact that the financial sector was not included in the legislation, the UK Government asked the GRI Taskforce to further explore how the principles of due diligence can be applied to financial institutions to avoid lending and investments which fund deforestation. A new GRI Finance Working Group was convened to support the Taskforce in identifying actions to achieve this. The group also invited the Finance for Biodiversity Initiative to provide further analysis and recommendations for breaking the connection between environmental crimes and finance. The "[Breaking the Environmental Crimes-Finance Connection](#)" report was published in January 2022 and presented to the government in May 2022. The final GRI Finance report provided recommendations to the government on applying the principles of mandatory due diligence for forest risk commodities to the finance sector. The report was [published on the government website](#) alongside the main GRI recommendations.



The GRI process has provided a new mechanism for business, finance and civil society to work with government to develop ambitious, interlocking policies to help to reduce our global climate and environment footprint. The model allowed for experts across sectors to directly inform government policy making and better coordinate the business, finance and policy levers required to create a clear demand-signal for sustainable commodities in the UK."

- UK Government response to the GRI recommendations



We can't deliver the GRI vision alone as government we can only do so in partnerships, the private sector is critically important the GRI has had a really monumental impact on our approach."

- UK International Environment Minister, Lord Goldsmith



Conclusion

The UK GRI demonstrates an effective multi-stakeholder approach in bringing together wide-ranging expertise from business, finance, civil society, and the UK Government to collectively present recommendations to address a complex challenge.

Although not all of the recommendations have been actioned, the UK Government has made important steps towards tackling commodity-driven deforestation and land-use conversion within UK supply chains. A key highlight includes the introduction of due diligence legislation on forest-risk commodities in the Environment Act 2021. Other key influences from the GRI, both process and recommendations, can be seen in the launch of the FACT dialogue, MFF Programme, VCMI and strengthening the government's own procurement requirements to exceed what will be required of the private sector. As recommended by the GRI Taskforce, the UK Government has demonstrated international leadership on deforestation and sustainable commodity supply chains at COP26, leading a global call to action from over 100 countries to halt and reverse deforestation and land degradation by 2030.

As highlighted in the [government response to the GRI](#), the UK Government will continue to deliver the GRI recommendations at a domestic and international level.

BOX 1. P4F's support to the UK GRI

P4F's support to GRI allowed Efeca to:

- 1) Identify key experts required for developing the report;
- 2) Develop a strategy for producing recommendations;
- 3) Facilitate dialogues involving sustainability experts;
- 4) Produce a series of concise recommendations report deriving from the discussions together with key findings of the Taskforce and working groups;
- 5) Provide a space where business, finance, civil society and government can discuss the complex challenges;
- 6) Support the launch of the GRI recommendations report; and,
- 7) Provide technical research for the government on UK forest-risk commodities to inform the new UK due diligence policy



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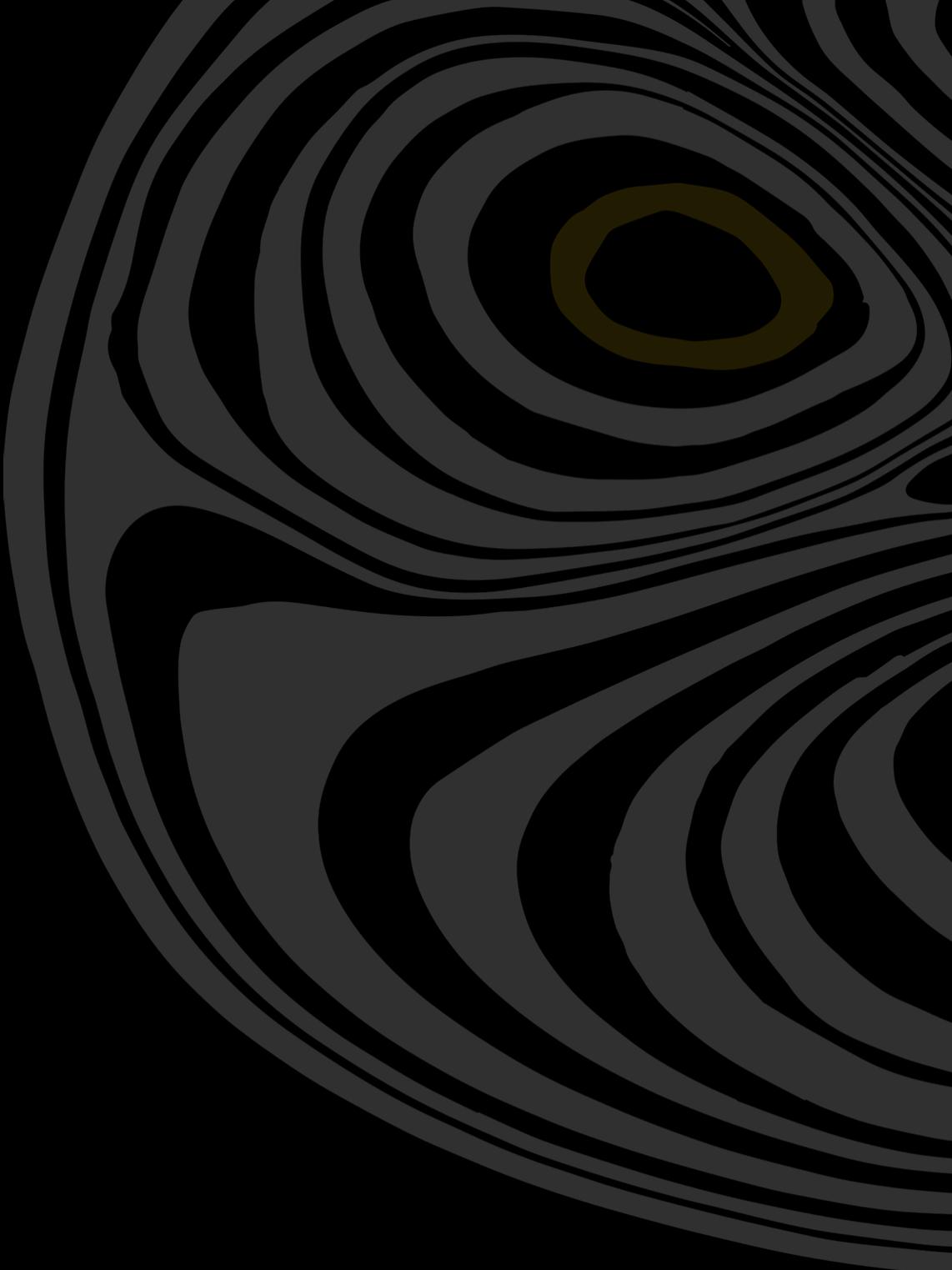
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Content support as the GRI secretariat

Images

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