

5 October 2023

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

Ref: Immediate implementation of the UK Environment Act 2021

Three years ago today, the private sector supported the Government to introduce a legal requirement for businesses to ensure that consumer product supply chains are deforestation-free. Whilst one year on we applauded the Government's actions in taking the first steps towards this through the adoption of the Environment Act 2021, it has now been a further two years without the secondary legislation being in place that would establish this requirement in the market.

Despite a global goal to halt deforestation by 2030, the rate of primary forest loss around the world has remained, and even increased by 20% in some areas. As we said in 2020, deforestation cannot be ignored any longer. While UK legislative progress has been delayed, 7.87 million hectares of primary forest has been lost in just the last two years.

We are businesses with commitments aligned to the goals of the UK Soy Manifesto to deliver verified deforestation free products by 2025. This is a key deliverable in meeting our broader commitments to decarbonise our supply chains and work towards longer term net zero goals. Over the past five years our businesses and British supply chains have made significant investment in adopting supply chain standards and supporting direct producer finance in crop producing nations, with £15 million flowing through market mechanisms and production certification schemes in 2022 alone. Yet despite these efforts, it has become clear that we cannot ensure the entire supply chain is compliant without swift implementation of the secondary legislation of the Environment Act to remove the remaining barriers to transparency and to level the playing field throughout the sector.

Within fifteen months, our supply chains and businesses need to have verified deforestation-free supply chains. However, without a UK legal requirement, British companies further up our supply chains are unwilling to provide the necessary transparency and/or deforestation-free goods to deliver. The European Union's Deforestation Regulation supplements our efforts, but our British supply chains remain uniquely exposed because of the lack of legislative progress in the UK. This exposure rests not just with our businesses, including a direct exposure in Northern Ireland, but also with their own ability to export British-produced food to our largest trading partner. Additionally, [recent reports](#) demonstrate that clear requirements for traceability are critical for enabling producer countries to implement their laws to protect nature and people from unnecessary conversion of land for production.

We respectfully request that the Government urgently follows through on its promise to deliver secondary legislation to implement the requirements of the Environment Act. Aligning this legislation with the EU's Deforestation Regulation will help further our collective ambition more efficiently whilst reducing cost and avoiding the UK becoming a leakage market for deforestation. Doing so will also protect British companies by ensuring they can provide the deforestation-free products we have committed to, and which enable access to export markets for both British producers and retailers.

We remain committed to working with you to end all forms of deforestation as part of our aligned interests in seeing it end this decade. The Government cannot rely on the private sector to deliver this ambition on its own, and we will not succeed without your immediate action. We continue to welcome the opportunity to meet with you to understand and support the next steps needed to move forward.

Signed:



ANNEX I

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.

Signed:

Aldi Stores GB

Asda

Chelmsford Star Co-operative

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

ANNEX II

15 September 2021

To: The Rt Hon George Eustice MP Secretary of State for Environment, Food and Rural Affairs
CC: The Rt Hon the Lord Goldsmith of Richmond Park

Dear Secretary of State,

In October 2020 we wrote to you welcoming the new proposed measures on forest-risk commodities in the Environment Bill and urging you to go further to ensure the Bill “establishes an effective, workable, and cost-effective framework for halting all forms of deforestation.”

We are happy to see the Bill progress, however, as currently drafted it only addresses deforestation defined as illegal under local laws and as we said in our 2020 letter, “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.” In our letter (annexed to this one) we also raised the importance of protecting the vulnerable in producer countries.

We understand there are amendments to address this, which we urge you to consider.

As we approach COP26, we hope we can take this important step towards developing a world leading regime that can deliver on our joint ambition to end all forms of deforestation.

Signed:

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