Global Resource Initiative

Final Recommendations Report

March 2020

Executive summary

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As we embark on a new decade a consensus is emerging for a transformation in the way we produce and consume food and in our use of land and natural resources.

Agricultural and forestry supply chains are at the core of the transformation required and the UK's own import and consumption of seven key commodities – beef and leather, cocoa, palm oil, pulp and paper, rubber, soya and timber is part of the global demand for these commodities.

Production of these commodities continues to drive forest loss and conversion of natural habitats that are critical for the 1.6 billion people that live or depend upon them, for the rich biodiversity and ecosystems they contain and for their globally significant carbon mitigation potential.

Commodity-driven forest loss and land conversion must be an urgent global priority.

This transition is already underway. Policy makers, business and finance leaders are recognising that the choice between environmental protection, economic growth, human rights and livelihoods, health and food production is a false one. These aims can be achieved simultaneously, in fact they can only be achieved together.

Business needs to step up, to work with supply chains partners to deliver on existing deforestation commitments, and to ensure that this action agenda extends beyond the leading retailers, brands, traders and commodity processors to the broader market including the food service sector, a significant user of commodity ingredients.

The finance sector has been slow to integrate commodity driven forest loss and land conversion in their decision-making processes. This sector must also step up if it is to avoid funding deforestation through lending and investments.

Both business and finance have much to benefit from establishing themselves as leaders during the transition, and much to lose from being left behind.

Government has a critical role too, supporting business and finance to act by providing an enabling environment, including regulatory measures to ensure a level playing field.

As the UK negotiates a different relationship with the European Union and the rest of the world, and embarks on domestic reforms in agriculture, food strategy and delivery of net-zero carbon emissions by 2050, there are unparalleled opportunities to place climate and sustainable development at the forefront of our bilateral relationships and trade agreements.

As co-hosts of COP26 the UK has a unique opportunity too, to place nature-based solutions at the centre of efforts to achieve the Paris Agreement targets on climate change, and to convene governments, business, civil society and others to a global call for action on deforestation and sustainable supply chains. The road to COP26 includes other key convening opportunities, including the Convention on Biological Diversity (COP15) in Kunming, China[3].

At the heart of this transformation must be a new process of dialogue and engagement between consumer and producer nations, listening and learning from actions already taken in order to co-create solutions for the mutual benefit of all.

But a focus on forests and land conversion should only be a first step – wider environmental and human rights impacts associated with commodity production and trade must also be addressed and the lessons extended to other food commodities and beyond, for example mining and extraction commodities.

Recognising these unprecedented challenges and the urgency of action required, the Taskforce calls on the UK to take action to ensure that the production, trade and consumption of agricultural and forestry products have a positive impact on people and planet.

The UK must act at home – within the UK's domestic land-use strategy and overseas commodity supply chain footprint – and globally, through new partnerships for collective action.

Act at home:

- Publish a Strategic Sustainable Commodity Action Plan, by Autumn 2020, setting out actions for government, business, finance and other stakeholders;
- Introduce a legally binding target to end deforestation within UK agricultural and forestry commodity supply chains, as soon as practicable, by no later than 2030, beginning with commodities and derived products that contribute most significantly to deforestation before extending to other supply chains;
- Introduce a mandatory due diligence obligation on business and finance, strengthen and extend mandatory public procurement requirements and promote mass market business engagement, beyond the leaders, including through a new sustainable food service sector plan.

Act globally:

- Convene a global call for action on deforestation and sustainable supply chains in the lead up to COP26, to build long term multilateral partnerships for collective action between producer and consumer governments, companies, finance institutions, farmers, foresters, forest communities and indigenous peoples, beginning with the development of shared roadmaps for agricultural and forestry products in the Biomes/ landscapes of greatest shared risk and shared benefit, for nature and people;
- Mobilise global funds, public and private, to tackle deforestation and land-use conversion and support sustainable production and trade in agricultural and forestry products.

The GRI package of measures

This Report sets out a package of measures that make up the building blocks of a new strategic approach to overcoming the challenge of commodity-driven deforestation and land conversion

The package of measures – comprising 14 interconnected recommendations across four themes of activity – will require collective action that builds on existing sustainability initiatives and platforms towards a shared goal.

While Government can provide the enabling environment to catalyse, convene and inspire others to act, the responsibility for delivery is a shared one, with roles for business and finance sectors, consumers, civil society, farmers, producers and consumer countries, working in partnership with producer countries. Collective success will depend upon collective action.

Setting out a strategic pathway for the UK

The market transition towards sustainable commodity supply chains is underway but a comprehensive, strategic and co-ordinated approach is needed in order to align and accelerate action.

Recommendation

The government publishes and commits to the delivery of a Strategic Sustainable Commodity Action Plan by Autumn 2020 setting out measurable time-bound actions for government, business, finance and others to take both at home, in the UK and through a global collective action agenda, to provide a clear framework for the delivery of the recommendations in this Report and to achieve the goal of the GRI.

The Strategic Sustainable Commodity Action Plan should be developed in partnership with consumer and producer governments, business and finance, civil society, multi-stakeholder platforms and others. It should contain a timeline for action and periodic reviews and be sufficiently resourced.

Recommendation

The government introduces a legally binding target to end deforestation within UK agriculture and forestry supply chains as soon as practicable, by no later than 2030.

Whilst the case for businesses and government to invest in sustainable supply chains is clear and increasingly recognised, not all businesses have begun to make this investment. As part of the package of measures, a legally binding target for the UK would provide the necessary signal for a shift in behaviour, acting as a legislative 'cliff edge' to propel business, finance and government to make the necessary changes to purchasing and investment strategies within their organisations to a clear future deadline.

Recommendation

The government establishes an ongoing independent advisory taskforce of business, finance and civil society leaders to support the development and implementation of the GRI recommendations, initially for the period of one year.

The Strategic Action Plan must be a dynamic, action-orientated plan. A liaison platform – bringing together government, finance, business and civil society representatives – is needed in order to support the development and delivery of the recommendations and objectives of the GRI and promote sustainable commodities.

Driving market demand for sustainable commodities

Further action is needed to drive mass market uptake of sustainable commodities, beyond the current leaders, in order to send a strong market signal for sustainable commodity production.

Recommendation

The government urgently introduces a mandatory due diligence obligation on companies that place commodities and derived products that contribute to deforestation on the UK market and to take action to ensure similar principles are applied to the finance industry.

The mandatory due diligence obligation should require companies to analyse the presence of environmental and human rights risks and impacts within their supply chains, take action to prevent or mitigate those risks, and publicly report on actions taken and planned. The financial sector should also be covered by a similar mandatory due diligence obligation, requiring them to exercise due diligence in order to avoid their lending and investments funding deforestation.

Recommendation

The government works with industry to help broaden overall business engagement and to support businesses beyond the leaders to better understand and address deforestation and land conversion risks within their supply chains, beginning with the food service sector through a Sustainable Food Service Action Plan.

The food service and 'eat-out' sector are also significant purchasers of commodities linked to deforestation. Engagement with business – beyond the leaders in this sector – would help to accelerate the market transition to sustainable commodity supply chains. Tools, guidance, and other learnings from this Action Plan could provide other sectors with 'stepping on points' to address supply chain deforestation risks.

Recommendation

The public sector helps to lead the market transition to sustainable commodities by strengthening existing mandatory sustainable commodity public procurement requirements and extending across all of government, reinforcing the mandatory due diligence obligations on business.

The UK public sector is a major purchaser of food and catering services, for schools, nurseries, hospitals, care homes, canteens, prisons, the military and others and has a key role to play in catalysing the market for sustainable food and agricultural products, building on existing public procurement policies on e.g. palm oil and timber.

Recommendation

Action be taken to support a consumer transition to more sustainable and healthy diets and to reduce food waste in supply chains.

The Taskforce calls on the National Food Strategy to include a review of further actions that business, government and others can take to support consumers in the transition to more sustainable healthy and diets and to support the ambitions of the GRI.

Aligning collective global action to deliver at scale and pace

The transition to sustainable and resilient agricultural and forestry commodity supply chains will require new, more collaborative, ways of working based on shared goals and responsibilities, and substantial new investment and resources.

Recommendation

The government takes a bold new approach to partnerships, dialogues and trade between producer and consumer countries, working together to support the transition to commodity supply chains that are sustainable, inclusive and equitable for farmers, foresters, forest communities and indigenous peoples – and women in particular – and support long term economic growth through trade.

This approach should aim to generate strong and consistent market demand for sustainable commodities across all major consumer markets. Building on existing public and private sector initiatives and national platforms it should develop shared solutions that support and properly reward the production of sustainable agricultural and forestry products, including through new trade agreement opportunities.

Recommendation

The government creates a sustainable commodity import guarantee scheme in order to reduce the cost of trade finance for sustainable agricultural production.

By creating a cost differential for sustainably sourced commodities as compared with conventional commodities, a sustainable commodity import guarantee scheme could provide a powerful incentive for more companies to adopt sustainable practices and embed processes that verify the sustainability of their supply chain.

Recommendation

The government mobilises a global call for action to tackle deforestation and build sustainable commodity supply chains in the lead up to COP26 to:

- **Build multilateral partnerships for collective action between producer and consumer governments, companies, finance institutions, farmers, foresters, forest communities and indigenous peoples;**
- **Mobilise global funds, public and private, to support sustainable production and trade in food and agricultural products;**
- **Begin with the development of shared roadmaps for agricultural and forestry products in Biomes/ landscapes of greatest shared risk and shared benefit, for nature and people.**

This year's UN Climate Summit (COP26) represents an unprecedented opportunity for the UK to show leadership on deforestation and sustainable commodity supply chains, placing food, land-use and nature-based solutions at the centre of efforts to realise the UN Sustainable Development Goals, the Paris Agreement targets on climate change and the Aichi biodiversity targets[4]. Convening collective action at a Biome/ landscape level provides an opportunity to align governments, businesses, financial investors, NGOs and other stakeholders, in partnership with producing countries, around shared goals and to build on existing initiatives whilst bringing a new scale, pace and global focus.

Recommendation

The government takes steps to establish London as the global centre for high integrity carbon trading by:

- **Commissioning an Advisory Group to accelerate expert discussions about next-generation carbon markets, learning lessons from existing UK and international initiatives, providing advice on principles, standards and measures for how to strengthen carbon markets and associated trading services and components**
- **Using the UK's COP26 Presidency to work towards agreement for robust compliance markets through the Paris Agreement; and**
- **Providing support for building the supply of robust carbon credits (through capacity-building and learning lessons from existing UK and international initiatives) including from high quality forest-based credits.**

An advisory group of private sector and civil society experts should advise how to develop the market components of a high integrity carbon market. In considering how to unlock finance for forest conservation and nature-based climate solutions, the group must consider how to ensure that forest carbon and nature-based credits meet robust environmental and social integrity standards, address forest governance concerns and include appropriate benefit sharing mechanisms.

Recommendation

The government launches a significant blended finance demonstrator facility and establishes a centre of excellence blended finance public-private collaboration in order to mobilise capital, at scale, in support of sustainable land-use, forest and livelihoods.

A demonstrator facility should mobilise private capital at scale to directly support farmers and producers to invest in sustainable, resilient, commodity production.
A 'centre of excellence' for blended finance public-private collaboration on land-use and forests could serve as both an advisory council and a point of aggregation for blending public and private capital, to support and promote the mainstreaming of these kinds of instruments.

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Accelerating change, tracking progress

The UK, as a global leader in science, research and innovation has an opportunity to support sustainable commodity production by accelerating the deployment of technological and data innovations on the ground. A robust framework for measuring and tracking progress, both against the actions recommended in this Report and the broader vision of the GRI will be essential.

Recommendation

Government funds and supports the scaling and commercialisation of technologies and innovations that provide transformative solutions for more sustainable agricultural and forestry supply chains.

Funding should focus on the research and market viability stages of technology to support more sustainable, resilient, productive, traceable commodity supply chains, specifically opportunities for scaling, commercialising and deploying later-stage development technologies for maximum impact. The government should further consider how it can work with others to ensure future access to data, for example through the development of international standards and protocols for how data is collected, stored and shared.

Recommendation

The government supports the development of a monitoring, measurement and reporting framework to support the implementation of the recommendations of the GRI, covering current and future commodity supply chain forest risk, impact and response, building on the core principles of the Accountability Framework Initiative (AFI).

A framework to inform business, finance and government should address:

- Risk of deforestation and other relevant environmental and human rights impacts within supply chains including future scenario modelling;
- Impact of commodity production;
- Response i.e. actions companies and governments are taking.