

Response ID ANON-X5E1-AR5V-1

Submitted to **Due diligence on forest risk commodities**

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About you

1 What is your name?

Name:

Hannah Greep

2 What is your email address?

Email:

hannah@banktrack.org

3 What country are you based in?

Country:

Netherlands

4 Would you like your response to be treated as confidential?

No

If you selected 'Yes' please provide your reason::

5 Are you responding:

On behalf of an organisation

About your organisation

1 What type of organisation are you responding on behalf of?

Non-governmental organisation

2 Please provide your organisation's name.

Insert organisation name:

BankTrack

About the proposal

1 Should the Government introduce legislation designed to make forest risk commodities more sustainable?

Yes

2 Should it be illegal for businesses to use forest risk commodities in the UK that have not been produced in accordance with relevant laws?

Yes

3 Should businesses in the UK be obliged to have a system of due diligence in place to ensure that the forest risk commodities they use have been produced in accordance with relevant laws?

Yes

4 Should businesses be required to report publicly on their system of due diligence?

Yes

5 Should the Government be able to levy fines against businesses that use forest risk commodities that have not been produced in accordance with relevant laws?

Yes

6 Should the legislation apply to larger businesses, over an employee number and turnover threshold, that use forest risk commodities in production or trade?

Other

7 If you responded 'Other' to Question 6, please expand.

Other:

The legislation should apply to businesses and financial institutions of all sizes. Under the OCED Guidelines on Multinational Enterprises, the UK is required to ensure that all businesses, including financial institutions, are addressing their environmental and human rights risks. Guidance can be provided to regulators to focus enforcement on businesses that have the highest level of risk, exposure or contribution to forest destruction and related harms.

8 Large businesses have existing obligations to report on climate and environment issues including in relation to net zero. To what extent are there opportunities to align the proposal set out in this consultation with businesses' reporting under existing international frameworks [e.g. the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD)]?

Extent to which there are opportunities to align the proposal set out in this consultation with businesses' reporting under existing frameworks:

The problem here is that, despite many businesses and financial institutions already having made zero deforestation commitments, deforestation is still happening. The TCFD and the proposed Taskforce on Nature-Related Financial Disclosures rely on business reporting on its net carbon emissions from its planned activities. However, their exposure to deforestation often isn't planned, but arises from a failure to undertake adequate due diligence to identify, mitigate and prevent the risk of deforestation in their supply chains or financing. This is why it is important to introduce legislation which requires rigorous due diligence for all businesses and financial institutions, and to require public disclosure of this process.

9 Do you have any further information or comments you would like us to be aware of?

Please provide any further information or comments in relation to this consultation:

The UK should introduce a law to end the UK's complicity in the destruction of the world's remaining forests. We strongly urge the UK to ensure that any due diligence obligation on deforestation also covers financial institutions. This was a key recommendation of the UK Government Taskforce, the Global Resource Initiative. Global Witness' Money to Burn report examining the financing behind six agribusiness companies involved in, or closely linked to, deforestation in climate-critical forests around the UK to be the single-largest provider of international credit and investment between 2013-2019, providing £5 billion in financing. This includes major banks like HSBC, Barclays and Standard Chartered. A number of major UK banks have also funneled around USD 9.5 billion into forest-risk commodity companies between 2013 and 2020, according to the recently launched Forests & Finance dataset. This is despite the fact that some of them are members of the Soft Commodities Compact (Barclays, Standard Chartered, and Lloyds Banking Group), whose goal is to achieve zero-net deforestation in their customers' supply chains by 2020. It is essential that all companies and financial institutions play by the same rules. Given the significant influence financial institutions have over the market, it would be extremely damaging to not require them to also conduct due diligence on their deforestation risks and exposure.

In addition, we feel strongly that requirements for Free Prior and Informed Consent (FPIC) for Indigenous Peoples should be written into the law. Indigenous peoples and local communities are on the frontline of fighting to protect the forests they have safeguarded for generations and they are often silenced by threats, violence, or even murder. If indigenous peoples and forest communities are aware of, and consent to activities happening in the area and have a meaningful say in how they proceed, the likelihood of deforestation and violence is much lower. The UK government should include requirements for FPIC in the law, drawing on how it is articulated in international law. This would recognise that FPIC is a key mechanism for preventing deforestation, which is also included in industry guidance and standards, and cases have been filed under the Roundtable on Sustainable Palm Oil, the OECD Guidelines and the World Bank accountability mechanism.