



House of Commons
Environmental Audit Committee

**The UK's contribution
to tackling global
deforestation:
Government Response
to the Committee's
Fourth Report**

**Fifth Special Report of Session
2023–24**

*Ordered by the House of Commons
to be printed 20 March 2024*

Environmental Audit Committee

The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by His Majesty's Ministers; and to report thereon to the House.

Current membership

[Philip Dunne MP](#) (*Conservative, Ludlow*) (Chair)

[Duncan Baker MP](#) (*Conservative, North Norfolk*)

[Sir Christopher Chope MP](#) (*Conservative, Christchurch*)

[Barry Gardiner MP](#) (*Labour, Brent North*)

[James Gray MP](#) (*Conservative, North Wiltshire*)

[Chris Grayling MP](#) (*Conservative, Epsom and Ewell*)

[Ian Levy MP](#) (*Conservative, Blyth Valley*)

[Clive Lewis MP](#) (*Labour, Norwich South*)

[Caroline Lucas MP](#) (*Green Party, Brighton, Pavilion*)

[Cherilyn Mackrory MP](#) (*Conservative, Truro and Falmouth*)

[Jerome Mayhew MP](#) (*Conservative, Broadland*)

[Anna McMorrin MP](#) (*Labour, Cardiff North*)

[John McNally MP](#) (*Scottish National Party, Falkirk*)

[Dr Matthew Offord MP](#) (*Conservative, Hendon*)

[Cat Smith MP](#) (*Labour, Lancaster and Fleetwood*)

[Claudia Webbe MP](#) (*Independent, Leicester East*)

The following Members were also members of the Committee during this Parliament:

Dan Carden MP (*Labour, Liverpool, Walton*), Feryal Clark MP (*Labour, Enfield North*), Sir Robert Goodwill MP (*Conservative, Scarborough and Whitby*), Helen Hayes MP (*Labour, Dulwich and West Norwood*), Marco Longhi MP (*Conservative, Dudley North*), Kerry McCarthy MP (*Labour, Bristol East*), Chris Skidmore MP (*Conservative, Kingswood*), Alex Sobel MP (*Leeds, North West*), Mr Shailesh Vara MP (*Conservative, North West Cambridgeshire*), Valerie Vaz MP (*Labour, Walsall South*), and Nadia Whittome MP (*Labour, Nottingham East*).

Powers

The constitution and powers are set out in House of Commons Standing Orders, principally in SO No 152A. These are available on the internet via www.parliament.uk.

Publications

© Parliamentary Copyright House of Commons 2024. This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/site-information/copyright-parliament.

Committee reports are published on the Committee's website at www.parliament.uk/eacom/ and in print by Order of the House.

Committee Staff

Dawn Amey (Committee Specialist), Martyn Atkins (Clerk), Izzy Davis (POST Fellow), Alexander Farnsworth (Committee Specialist), Laura Fatah (Committee Specialist), Chloe Jago (Senior Media and Communications Officer), Rebecca Lees (Second Clerk), Jacob Moreton (Media and Communications Officer), Gary O'Key (Committee Specialist), Ben Smith (Committee Operations Officer) and Jonathan Wright (Committee Operations Manager).

During the course of the Committee's inquiry Emma Wilding was a Committee Specialist.

Contacts

All correspondence should be addressed to the Clerk of the Environmental Audit Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 8890; the Committee's email address is eacom@parliament.uk.

You can follow the Committee on X (formerly Twitter) using [@CommonsEAC](https://twitter.com/CommonsEAC).

Fifth Special Report

The Environmental Audit Committee published its Fourth Report of Session 2023–24, [*The UK's contribution to tackling global deforestation*](#) (HC 405) on 4 January 2024. The Government response was received on 20 March 2024, and is appended below.

Appendix: Government Reponse

Introduction

The UK is committed to continuing to demonstrate international leadership in tackling global deforestation. We have showcased this recently at COP28 held in Dubai, setting out the UK's strategic approach to tackling climate change, protecting nature, and ensuring food security, development, and prosperity.

The Government is grateful to the Environmental Audit Committee (“the Committee”) for its report on the UK's contribution to tackling global deforestation. We will ensure the recommendations are fully taken into account as we work to monitor and address how the UK is supporting the preservation of the world's forests in recognition of the devastating scale of global forest loss.

At COP26 in Glasgow, the UK put nature at the heart of climate talks for the first time. The UK rallied over 140 countries, representing over 90 per cent of the world's forests, to endorse the Glasgow Leaders' Declaration to halt and reverse forest loss and land degradation by the end of this decade. At COP27, leaders further demonstrated this commitment with the launch of the Forest and Climate Leaders' Partnership (FCLP). At COP28 in Dubai, this global commitment was formalised through emphasis in the formal negotiated Global Stocktake of the “importance of conserving, protecting and restoring nature and ecosystems towards achieving the Paris Agreement temperature goal, including through enhanced efforts towards halting and reversing deforestation and forest degradation by 2030”. Recent research has found a significant amount of deforestation is illegal - between 2013 and 2019, at least 69% of tropical deforestation for commercial agriculture was conducted in violation of national laws and regulations. The biggest driver of illegal deforestation worldwide is agricultural expansion, and in particular the production of a small number of commodities.

The UK demonstrated our commitment to taking action to prevent deforestation by introducing new legislation in the UK Environment Act to remove from UK supply chains commodities produced by illegal deforestation. As the Committee has highlighted, the Environment Act set out three core requirements of organisations in scope of regulation: prohibition of the use of forest risk commodities produced on land illegally occupied or used and products derived from those commodities; establishment of a system of due diligence for each regulated commodity and products derived from that commodity; and, annual reporting on the due diligence exercise.

Secondary legislation will set out in detail how this provision of the Environment Act will be implemented. Regulation will help us ensure there is no place on our supermarket shelves or in our supply chains for commodities that have been grown on land that is

illegally used or occupied. It will demonstrate the importance of working cooperatively government-to-government and with the private sector, supporting the efforts of UK organisations leading in sustainability within supply chains.

We recognise that the Glasgow commitment to halt and reverse forest loss and land degradation can only be met globally through close partnership between producer and consumer countries. This is why the UK Environment Act is designed to uphold and reinforce the efforts of governments in producer countries to ensure sustainable forest and land use. As part of our partnership approach, we continue to engage in technical discussions with producer country representatives from government, industry, and local communities, both domestically and through international visits.

We have visited farms and port facilities and attended workshops with key stakeholders to inform the development and delivery of our forest risk commodities policy. This engagement has enabled us to build our understanding of systems and opportunities in place in key producer countries, supporting the design of effective and impactful policy.

We will continue to work closely with producer countries in the Forest, Agriculture and Commodity Trade (FACT) Dialogue, which the United Kingdom and Indonesia launched together as co-chairs in 2021. The FACT Dialogue convenes 28 major producers and consumers of internationally traded agricultural commodities to agree principles for collaboration. It has developed a Roadmap of actions which was launched at COP26 to protect forests and other ecosystems, whilst promoting sustainable trade and development in a way that respects all countries' interests. This builds on existing support for trade in legal and sustainable commodities and their production.

The UK is one of many countries that pledged at COP26 to support the efforts of indigenous peoples and local communities to secure their rights and tenure in relation to land and forests. We have worked to uphold this pledge, particularly through the Government's global Forest Governance, Markets and Climate Programme (FGMC) with regards to timber production, as well as smallholder farmers and poor rural communities who are most vulnerable to the effects of climate change.

The FGMC programme promotes inclusive policymaking, working with Governments, local business and civil society, including indigenous peoples and local communities. It is helping countries to clarify and apply forest laws and tenure rules and practices that help to protect and empower indigenous peoples and local communities to manage their forest resources. Additionally, through our global Land Enhancing Governance for Economic Development programme we are working with non-governmental organisations to build a global network of paralegals helping indigenous communities and local communities defend and protect their land rights. The Land Facility programme will further work with central government, land agencies, local communities and businesses to promote reform of land governance and administration. This will include tackling barriers to the recognition and protection of communities' land rights.

The UK has made important progress globally to improve sustainable practices and encourage forest-friendly business amongst smallholder farmers. The Investments in Forests and Sustainable Land Use (IFSLU) programme (2015–2023) supports the development of new business models which provide jobs and livelihoods while protecting and restoring forests. The programme is implemented through a set of complementary

interventions including Partnerships for Forests (P4F) (£120m), which provides grant funding and technical assistance to catalyse investment into sustainable agriculture and forest management. To date, P4F has mobilised £1 billion in private investment into forests, brought 4.1m hectares of land under sustainable management and directly benefitted over 250,000 people.

We recognise that the UK must lead by example in fulfilling our international commitments to tackle global deforestation and biodiversity loss. This is why the UK has committed £1.5bn of our wider £3bn International Climate Finance allocated for nature specifically for the protection and restoration of international forests. At COP28 in the UAE, the UK announced £576 million in forests programming, which includes an additional £466 million beyond the £1.5 billion announced in Glasgow. It means that we are not only delivering on our promise made at COP26 to invest £1.5bn of finance in forests by the end of 2025/26 financial year but we are going beyond it. These pledges build on over 30 years of international donor funding and convening to address deforestation, in which the UK has played a leading role.

Response to the Environmental Audit Committee's recommendations

1. *We reiterate the recommendation we made in our September 2021 report on The UK's footprint on global biodiversity, which reflects that of the Global Resource Initiative Taskforce, that the UK Government should commence the process of setting an environmental footprint target with the aim of reducing the UK's global environmental impact, including its deforestation footprint.* (Paragraph 23)

The Global Resource Initiative Taskforce was set up in 2018 as a time-bound initiative to advise the UK Government on how to reduce UK economic contribution to global deforestation through UK supply chains. The Government worked closely with the Taskforce to understand and implement many of its recommendations, and published a formal cross-government response in 2020, much of which has been incorporated into the Environment Act 2021 and wider Government policy and programming.

The Outcome Indicator Framework published by the Department for Environment, Food and Rural Affairs (Defra) in 2019 included a commitment to develop an indicator describing the overseas environmental impacts of UK consumption. The government has since developed an approach to monitoring the global environmental impact of the UK's consumption, including its deforestation footprint. This work was undertaken by the Joint Nature Conservation Committee (JNCC) and includes a range of environmental indicators including deforestation, biodiversity and water use among others. This underlying data is disaggregated by commodity, meaning that the impact of one specific commodity can be understood, as well as allowing us to identify which commodities are causing the most impact. The development of this evidence reflects our desire to further our understanding of our impact on the natural environment and our commitment to leave a lighter footprint on the global environment and promote sustainability in international supply chains as set out in the Environmental Improvement Plan.

This work was incorporated into the Outcome Indicator Framework (Indicator K1) for the first time in 2022. It will be updated over time to track the impact of UK domestic consumption on the global environment. This evidence is already being used to inform policymaking, and further improvements in the use of the indicator are being explored.

However, while this evidence better informs our understanding of the actions that may be needed, it is currently unable to monitor relevant UK-specific changes to supply chain sustainability.

We are committed to leaving a lighter footprint on the global environment and are taking decisive action to support this. However, the Government will not consider setting a target until it can be certain that it would be supported by a robust evidence base and would not result in unintended consequences, such as the potential offshoring of environmental impacts.

2. *To ensure that the UK can measure and track progress, we recommend that the Government should continue to fund the development of a monitoring, measurement and reporting framework for UK consumption.* (Paragraph 25)

The government agrees that it is important to monitor and track the global environmental impacts of UK consumption. Since 2019, when the Outcome Indicator Framework was first published, the government has developed an approach to monitoring the global environmental impact of UK consumption. Significant developments have been made since then, including the incorporation of this indicator into the Outcome Indicator Framework. This indicator remains classified as an 'official statistic in development' by the Office for National Statistics and relies on modelling rather than exact reporting of impact. We will continue to explore how the monitoring, measurement and reporting of these impacts can be further developed in future.

3. *We recommend that the Government use its influence in all relevant forums to promote international data disclosure (and domestic disclosure of UK customs and industrial data) so as to improve the monitoring of forest risks in the UK and globally.* (Paragraph 26)

The UK recognises that data disclosure plays a crucial role in supporting global efforts to protect forests and other ecosystems and is committed to promoting greater transparency including in the following ways. The UK's Forest Risk Commodities scheme will necessitate the sharing of data between organisations domestically and internationally regarding the sourcing of commodities. Organisations in scope will need to submit an annual report regarding their due diligence systems, which will be published to ensure transparency. The UK also supports the UK Soy Manifesto, a collective industry commitment to ensuring all physical shipments of soy to the UK are deforestation and conversion free no later than the end of 2025. Individual signatories report their annual progress on this commitment via a publicly available progress tracker, strengthening industry efforts and leadership to increase transparency along soy supply chains.

The UK, as COP26 Presidents, launched the Forest, Agriculture and Commodity Trade (FACT) Dialogue in February 2021, which brings together 28 major producer and consumer countries of internationally traded agricultural commodities to collectively agree actions to protect forests and other critical ecosystems, while promoting sustainable trade and development. Through FACT, the UK has supported discussions and research on Traceability & Transparency, building understanding of the role of data quality and accessibility as a driver of improved natural resource management and forest protection, including the need for consistent data collection and reporting across sectors and for data gathering costs to be equitably shared among supply chain actors.

The UK and US governments, alongside the Tropical Forest Alliance, have convened 14 of the world's largest agricultural commodity trading and processing companies to deliver on the commitments set out in the Agriculture Sector Roadmap to 1.5C launched at COP27. A required component of company commodity implementation plans under the Roadmap is the specification of an approach to supply chain mapping and traceability, demonstrating a robust approach to monitoring and reporting on the origins of materials to a sufficient extent to determine compliance.

The UK Sustainable Commodities Initiative (UK SCI) is another key initiative, funded by the UK government, which brings together over 60 domestic businesses (and civil society actors) with soy and palm oil supply chains to provide technical assistance on implementing their deforestation and conversion free policies and build more resilient, transparent, and sustainable commodity supply chains.

The UK has supported the development of tools and frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD), to drive transparency among market participants and generate decision-grade data in relation to nature. The aim of the global, market-led TNFD is to facilitate the alignment of global financial flows in nature positive directions, by generating this decision-grade nature related data. The TNFD has forestry-specific guidance on risk management and disclosures and so will empower institutions in this sector to provide relevant disclosures to the broader investment community.

4. We recommend that UK consumption monitoring be developed to incorporate the monitoring of mined products, so as to support the Government's programmes addressing the impact of mining-related deforestation. (Paragraph 28)

The government has been actively developing an approach to monitor the impact of UK consumption on the global environment (see responses to recommendations 1 and 2). We agree with the recommendation and have recently undertaken scoping work to assess the feasibility of incorporating the environmental impacts of metals and mineral products into the Global Environmental Impacts of Consumption indicator framework. While this work remains in its early stages, our initial assessment indicates that it may be feasible to incorporate the environmental impacts of metals and minerals into the modelling framework. Work is underway to develop the trade modelling underpinning the addition of metals and minerals, which is the first step towards being able to incorporate environmental impacts.

5. We recommend that each Government Buying Standard be made mandatory for all large public sector bodies, including the NHS, the Armed Forces and HM Prison Service, as it currently is for UK Government departments and their partner organisations. Annual reporting on compliance against public procurement policies should also be mandatory for these large public bodies: the annual reporting should in each case indicate the proportion of overall goods procured which have been sourced from UK producers. (Paragraph 39)

The UK Government is not currently considering widening the scope of the Government Buying Standards (GBS). The wider public sector is encouraged to specify the minimum mandatory Government Buying Standards (GBS) in tenders. Any organisation concerned about sustainable procurement may choose to comply with the GBS. Many large public bodies have their own sustainable procurement approaches which go even further than these

standards. Public bodies such as the NHS also have their own sustainability reporting in place. To support this, they are signposted to public sector annual sustainability reporting guidance which covers the use of resources and sustainable procurement, including where some services are procured from.

Complying with the Government buying standards for food and catering services (GBSF) is currently mandatory for central Government departments and their agencies, as well as HM Prison and Probation Service, NHS hospitals, and the armed forces in England.

The GBSF were last updated in 2014 and require further updating to reflect regulatory changes, government priorities and the latest scientific evidence. Defra consulted on proposed updates to public sector food and catering policy, including proposed modernisation of the GBSF, from 13 June 2022 to 4 September 2022. Within the consultation, Defra proposed mandatory reporting on food and catering for those public sector organisations where the GBSF is mandatory, to build our understanding of what is bought, sold, and wasted in the public sector.

6. We recommend that the GBS require all acquired forest-risk commodities (in addition to palm oil, timber and paper) to be certified as sustainably produced. (Paragraph 41)

We agree that public sector food and catering is a powerful lever to support the transition to a healthier, more sustainable food system. The current Government Buying Standard for Food and Catering services includes mandatory requirements for all palm oil to be sustainably produced and that at least 50% of coffee is fairly traded. It also sets a best practice standard that all coffee and cocoa is certified as fairly traded.

The Government is currently undergoing a wide-scale review of the Government Buying Standards for Food and Catering services and consulted on possible changes to public sector food and catering policy in the summer of 2022, including whether palm oil, soy, cocoa, and coffee should be demonstrably legal and sustainable. We are considering the outcomes of this consultation and how they can be best taken forward. Under the timber procurement policy, all timber products procured for use on the Government estate must meet the policy's standards of legality and sustainability. We will consider the approach to forest-risk commodities when other relevant Government Buying Standards are next updated.

7. We recommend that the Government bring forward proposals to amend the UK Timber Regulations so as not only to prevent illegally harvested timber being placed on UK markets but also to require all imported timber to be sustainably harvested. (Paragraph 52)

Illegal logging is a major driver of deforestation, leading to loss of biodiversity, and contributing to climate change. It also damages rural communities and results in revenue loss for governments and legitimate businesses. By imposing greater responsibility on those placing timber and timber products on the UK market for the first time, our regulations support the embedding of sustainability standards in national requirements in origin countries, working towards legally backed forest stewardship.

The United Kingdom Timber Regulations (UKTR) prohibit the placing of illegally harvested timber on the market. Under the Withdrawal Act, UKTR applies to GB. Businesses must exercise due diligence on timber imports to demonstrate legality of harvest.

The Forest Law Enforcement Governance and Trade (FLEGT) Regulations and associated Voluntary Partnership Agreements (VPA), aim to improve the supply of verified legal timber to the UK market. Producer countries who have agreed a VPA with the UK and can demonstrate effective nationwide controls verifying legality of harvest, can issue FLEGT licences.

We plan to commence a review of the Timber Regulations in 2024. Full details of arrangements for engaging with stakeholders for this review will be announced in due course.

8. We recommend that the Government publish its proposed suite of regulations as a matter of urgency. Where regulations are to be subject to the affirmative procedure, Ministers must publish a clear timetable for drafts to be laid, approved by both Houses and brought into force, to allow those businesses likely to be within the scope of the regulations sufficient time to prepare. (Paragraph 77)

We are fully aware of the urgency of the need to legislate to tackle illegal deforestation in our supply chains and are committed to laying secondary legislation as soon as parliamentary time allows. Once made, organisations in scope of regulation will have a grace period to prepare before the beginning of the first reporting period, which is when the due diligence requirements will enter into force. Organisations in scope of regulation whose use of a regulated commodity or derived product does not exceed the annual threshold of 500 tonnes will be eligible to submit a notice of an exemption from the due diligence requirements. Further guidance on submitting an exemption will be published alongside the legislation.

9. We recommend that, in order to increase the sustainable use of forest-risk commodities, the Government should bring forward amendments to paragraph 2 of Schedule 17 to the Environment Act so as to prohibit UK businesses from trading or using commodities linked to deforestation activity as defined by the UN Food and Agriculture Organization, whether or not the activity is permitted by local legislation. (Paragraph 79)

The Environment Act will require large organisations that use forest risk commodities in their commercial activity in the UK to ensure that those commodities were produced in compliance with local laws relating to land ownership and use. It recognises the primacy of national and sub-national governments' decisions in determining the management of their natural resources.

Commodity-driven deforestation is widely conducted in violation of national laws; at least 69% of tropical deforestation from 2013–2019 associated with commercial agriculture is estimated to be illegal.¹ This rate is higher in many key producer countries from which the UK imports and significantly higher for the four commodities proposed for initial regulation. Supporting countries to eliminate the illegal production of forest risk commodities therefore has the potential to significantly reduce global forest loss.

1 [Illicit Harvest, Complicit Goods report](#)

We believe that the only way to achieve zero global deforestation in supply chains is to work in partnership with producer countries – and that working in partnership requires us to uphold and respect national laws.² Our due diligence legislation is accompanied by a wider package of measures to support producer countries in strengthening their forest governance and domestic laws.

Our experience has shown that implementing a legality-based approach under the Timber Regulations and the Forest Law Enforcement, Governance and Trade Action Plan has contributed to improved forest governance, including strengthened regulations that provide legal backing for sustainable forestry in these countries. Similarly, in relation to the UK Forest Risk Commodity scheme, our aim is to encourage governments in producer countries to strengthen and improve environmental protections in their legislative frameworks. Through this approach we have the potential to influence all production within a country, rather than just what the UK imports, thereby reducing the risk of market redirection leakage.

Schedule 17 of the Environment Act commits the Government to publishing a review into the effectiveness of the Forest Risk Commodity scheme in reducing commodity-driven deforestation two years after it comes into force. This review will consider, among other indicators, any changes to national laws that provide protection for forests, in order to ensure that our legislation is having the intended impact.

10. To be effective, the Government's proposed approach requires the UK to work in partnership with producer countries and to reinforce (and in some cases, strengthen) their legal and policy provisions to counter deforestation. We therefore recommend that the proposed demand-side due diligence system is complemented by Government initiatives to support and build capacity in producer countries. (Paragraph 80)

We agree that transforming global FRC supply chains involves interventions on both the 'supply side' and 'demand side'; we aim to improve the incentives and capacity of producers to act sustainably while directing consumers to source sustainable commodities through regulatory requirements and market incentives.

On the supply side, the UK government continues to work with both businesses and smallholder farmers to improve sustainable practices and encourage forest-friendly business. The Investments in Forests and Sustainable Land Use (IFSLU) programme supports the development of new business models which provide jobs and livelihoods while protecting and restoring forests. The programme is implemented through a set of complementary interventions including Partnerships for Forests (P4F), which provides grant funding and technical assistance to catalyse investment into sustainable agriculture and forest management. To date, P4F has mobilised £1 billion in private investment into forests, brought 4.1m hectares of land under sustainable management and benefitted over 250,000 people. At COP28, the UK announced the launch of Phase 2 of the IFSLU programme, which will extend the programme until 2033 and provide an additional £500 million in funding. IFSLU2 is expected to leverage an additional £2 billion of private investment for forests and will increase the scale of support provided to smallholder farmers.

2 Navigating the false dichotomy between legality and zero deforestation, Forest Trends, 2022: <https://www.forest-trends.org/wp-content/uploads/2022/02/Navigating-the-False-Dichotomy-Between-Legality-and-Zero-Deforestation.pdf>

The UK's Mobilising Finance for Forests programme is working to increase private investment in activities that create value from standing forests and/or incorporate forest protection and restoration into sustainable agricultural commodity production. This programme is complementary to P4F, targeting larger and more mature opportunities that will mobilise investment into sustainable land-use at scale. Other policy measures are focused on improving the enabling conditions for forest-friendly production, trade and investment. The Forest Governance, Markets and Climate (FGMC) programme supports action on FRCs through strengthening forest governance, developing tools which support transparency and accountability (such as Global Forest Watch and Trase) and helping governments adapt to meet new international market requirements. Phase 2 of the FGMC programme, providing an additional £500 million over 10 years, is currently in development.

The UK also established the Just Rural Transition (JRT) to assist countries to realign their agricultural policies to support the livelihoods of smallholder farmers while protecting the forests that support their resilience to climate change. Through programme funding to the World Bank, countries are receiving support to repurpose agricultural subsidies, while the JRT secretariat is helping to engage other stakeholders – particularly farmers' organisations – in this agenda.

11. We recommend that the Government's proposals for due diligence legislation should include from the outset all forest risk commodities associated with a material UK deforestation footprint (soy, palm oil, cocoa, maize, beef and leather, rubber and coffee) rather than taking the phased approach which Ministers appear to favour. In the response to this report we expect the Government to set out the evidential basis for the claim that the commodities within initial scope are estimated to account for 64% of the UK's tropical deforestation footprint, and to indicate the proportion of the UK's global deforestation footprint estimated to be covered by these commodities. (Paragraph 82)

As part of our consultation in 2021–22 we asked respondents for their views concerning the number of forest risk commodities that should initially be included in due diligence legislation. Campaign responses from Greenpeace and Global Witness advocated for the introduction of 5 – 7 commodities within 12 months of the secondary legislation. However, the majority of non-campaign responses (including businesses, industry associations, NGOs, and private individuals) thought that between 2 – 4 commodities should be included in initial legislation. These respondents preferred that the government prioritise those commodities with the largest environmental impact if it meant that the regulations could come into force more quickly. Furthermore, respondents thought that lessons from the first tranche of commodities could inform the implementation of the regulations for future tranches.

We decided to include four commodities initially in secondary legislation based on the consultation feedback, an assessment of each commodity's role in global deforestation, the UK's contribution to that deforestation, and the UK's ability to effectively regulate that commodity. We believe that this approach will enable efforts to eliminate the UK's deforestation footprint to be focused initially on those commodities responsible for driving the most deforestation.

We calculated that an estimated 64% of the UK's tropical deforestation footprint is driven by the consumption of cattle, cocoa, palm oil and soy using data from the Global

Environmental Impacts of Consumption indicator^{3,4}. The estimated 5-year average (2014–2018) of deforestation associated with UK consumption for each of those commodities was totalled (equalling c23,000 hectares per annum) and then divided by the estimated total deforestation risk of UK consumption over that period (c36,000 hectares per annum), with those four commodities therefore accounting for 64% of the UK tropical deforestation footprint.

Measurement of this indicator was revised in late 2023, including the addition of data up to 2021, expansion of the data set to include non-tropical forests and significant wider methodological improvements. All previously reported environmental impact estimates have been updated and revised in the dataset to align with these changes and ensure consistency across the time series. Using this new data, the revised estimated proportion of UK linked deforestation (both tropical and non-tropical) caused by its consumption of the four commodities was 52% in 2021 (c15,000 hectares from a total UK deforestation footprint of c28,000 hectares). A further 22% of the UK's estimated footprint is caused by consumption of timber and timber products, which is regulated separately by the UK Timber Regulations. No other commodity is estimated to account for more than 4% of total UK deforestation footprint in 2021.

12. *We recommend that provision be made in the due diligence system—by amendment to primary legislation, if necessary—to ensure that products are not illegally produced in relation to land use and land ownership laws, including customary tenure rights.* (Paragraph 84)

We recognise the critical guardianship provided by Indigenous Peoples and Local Communities (IPLCs) in protecting tropical forests as well as the importance of safeguarding customary tenure rights. Several countries have incorporated the protection of indigenous peoples' rights to land, territories, and resources in national laws relating to land use and ownership, and these are in scope of UK due diligence legislation. As stated above, our approach is to recognise the primacy of local laws and not impose additional obligations beyond these laws; we therefore believe that our due diligence legislation should apply to indigenous peoples' rights to land where this protection applies under national laws.

We recognise that enforcement of these laws is a key challenge for producer countries. This is why we aim to support countries in the enforcement of national laws as well as to encourage producer country governments to enhance the environmental and social protections of their legal frameworks. At COP26, the UK brokered a commitment under which 14 donors pledged US\$1.7bn to support Indigenous Peoples and local communities (IPLCs). This funding will help communities to secure their rights and support their stewardship of forests, helping to stop deforestation. With our International Climate Finance (ICF), we support Indigenous Peoples and Local Communities through programmes that clarify and strengthen rights. The UK Government's global Forest Governance Markets and Climate (FGMC) programme promotes inclusive policymaking, working with Governments, local business and civil society, including indigenous peoples and local communities. It is helping countries to clarify and apply forest laws and tenure rules and practices that help to protect and empower indigenous peoples and local communities to manage their forest resources.

The FCDO Land Facility programme will work with central government, land agencies, local communities and businesses to promote reform of land governance and administration. This will include tackling barriers to the recognition and protection of communities' land rights. And through FCDO's global Land Enhancing Governance for Economic Development programme we are working with non-governmental organisations to build a global network of paralegals helping indigenous communities and local communities defend and protect their land rights.

HMG is also committed to developing new projects and programmes in this area. In autumn 2023, FCDO officials carried out a scoping mission across five Amazon countries, meeting with 18 IPLC organisations and 17 partner NGOs, in order to better understand IPLCs' needs and priorities for donor support. This will inform the design of future HMG work seeking to support IPLC forest governance and tenure security in the region.

13. We recommend that the statutory evaluation of the Schedule 17 due diligence system address expressly whether the due diligence system has effectively supported the human rights of indigenous peoples to land, territories and resources. (Paragraph 85)

As the objective of our due diligence legislation is to reduce deforestation linked to UK commodity supply chains, statutory reviews of Schedule 17 will focus on evaluating the scheme's effectiveness in meeting this objective. However, we are aware of the crucial role of indigenous peoples in the preservation of forests and appreciate the relevance of this issue to our core policy objectives. We are exploring how it may be possible to address this within the independent evaluation of the scheme.

14. We recommend that the Government bring forward legislation to bring businesses in the UK financial sector within the scope of the Schedule 17 regime. (Paragraph 94)

Guidance on the application of the Schedule 17 regime to businesses in the UK financial sector will be published when secondary legislation is laid in Parliament. Furthermore, as set out in the Financial Services and Markets Act 2023, HM Treasury will conduct a review to assess the extent to which regulation of the UK financial system is adequate for the purpose of eliminating the financing of illegal deforestation, and to consider what, if any, changes to the regulatory framework may be appropriate.

15. In order to support target 15 of the Kunming-Montreal Global Biodiversity Framework, we recommend that the Government bring forward proposals to legislate for mandatory disclosure of nature-related impacts by businesses, including the financial sector, on the basis of the November 2023 recommendations of the Taskforce on Nature-related Financial Disclosures, and should set a clear timetable for doing so. (Paragraph 95)

The UK is one of the largest donors and supporters of the global, market-led Taskforce on Nature-related Financial Disclosures (TNFD) initiative. The TNFD represents a powerful example of translating UK green finance policy commitment into real world delivery with international market participation. We encourage businesses to use the TNFD's risk management disclosure recommendations and guidance. Of the 320 'TNFD Early adopters', 46 are UK-headquartered organisations, more than France (19), Germany (6) and the USA combined. The TNFD provides the main method of operationalising Target 15 of the KMGBF. The UK government welcomes closer integration between the TNFD and the International Sustainability Standards Board's (ISSB's) emerging global baseline

on sustainability reporting. The UK government will consider how best to incorporate the TNFD into UK policy and regulatory architecture, in a manner that is conducive to the long term public good in the UK, as well as consistent with global sustainability reporting. The Government will ensure that these standards are only endorsed where they are appropriate and beneficial in a UK context, taking advice from the Policy Implementation Committee (PIC) and Technical Advisory Committee (TAC).

16. *The UK Government should lead by example. We therefore welcome the recent confirmation that the UK is to maintain its flagship £11.6bn climate and nature funding pledge. The UK cannot step off the global stage in relation to its climate, nature and deforestation commitments. The Government should make it clear how the £1.5bn of funding specifically committed to activity to address deforestation is being spent. Greater transparency will ensure that this Government and future Governments can be held to account.* (Paragraph 120)

The government remains steadfast in its commitment to invest at least £1.5 billion UK International Climate Finance to protect and restore forests while delivering sustainable development over the ICF3 period (April 2021 – March 2026).

We are on track to deliver on this commitment. Over financial years 2021–22 and 2022–23 (the first two years of ICF3), we have spent around £345m on forest programming (ref. Table 1 below) and continue to work to develop a robust pipeline of programmes and investments to deliver the remainder of our pledge by the end of ICF3. This also forms our contribution to the Global Forest Finance Pledge (GFFP), a commitment made by donors at COP26 to deliver \$12 billion (£8.75 billion) to support forest protection, restoration, and sustainable management over 2021 – 2025.

At COP28, we announced £576 million new forests programming, of which £466m will deliver support beyond ICF3. This included a £35m uplift in UK support for the Amazon Fund, and up to £500m for the second phase of our flagship Investments in Forests and Sustainable Land Use (IFSLU) programme over the next ten years, which we expect to mobilise £2 billion in private investment, directly benefit half a million people – mainly smallholders and poor rural communities most vulnerable to the effects of climate change – and protect and restore forests across an area of 10 million hectares.

The UK remains committed to transparency across our ODA support, the UK, together with GFFP partners, publishes a summary of progress made against delivering our collective \$12 billion pledge annually in the Global Forest Finance Pledge Progress Report.

Please find in Figure 1 below detail of UK ICF forest spend over financial years 2021–22 and 2022–23. Note – this list is non-exhaustive and includes only programmes that disbursed monies over these two years.

Figure 1 – UK ICF forest spend over financial years 2021–22 and 2022–23

Programmed	Department	SPENT
BIOFIN	Defra	605,000
Blue Forests Initiative	Defra	2,072,102
Cities 4 Forests	Defra	4,400,000
Nature Based Solutions/ICF R&D Programme	Defra	4,768,400
UNDP Climate Promise	Defra	4,200,000
Climate Investment Funds (CIFS) - nature based solutions	DESNZ	65,000,000
IADB Amazon Bioeconomy and Forest Management Fund	DESNZ	4,745,000
Lowering Emissions by Accelerating Forest Finance coalition (LEAF)	DESNZ	2,000,000
Mobilising Finance for Forests (MFF)	DESNZ	53,080,259
Partnerships for Forests	DESNZ	5,000,000
BIPD Global Land Governance Programme (Land Tenure/ Facility)	FCDO	4,310,652
Central African Forest Initiative (CAFI) (under Africa Regional Climate and Nature (ARCAN) programme)	FCDO	11,650,000
Forest Governance, Markets and Climate (FGMC) Phase 1	FCDO	44,731,758
Global Environment Facility (GEF)	FCDO	23,000,000
Green Climate Fund (GCF)	FCDO	62,051,006
Green Economic Growth for Papua	FCDO	1,794,759
Investing in Nature and Forests (INAFOLU) Indonesia Partnership	FCDO	263,183
Investments in Forests and Sustainable Land Use Phase 1 (IFSLU 1)	FCDO	31,670,401
Reducing Deforestation through improved Spatial Planning in Papua Provinces, Indonesia	FCDO	1,426,030
Supporting a Sustainable Future for Papua's Forests	FCDO	310,871
TEFOS (Territorios Forestales Sostenibles), Colombia	FCDO	10,223,173
UK Partnering for Accelerated Climate Transitions (UK PACT)	FCDO	7,909,929
Total		345,212,523

17. *We welcome the commitment of the Foreign, Commonwealth and Development Office to fund capacity building initiatives for IPLC grassroots organisations. We recommend that, in order to ensure that this funding is used to maximum effect, Ministers ensure that the greatest possible proportion of UK funding is disbursed so as to reach IPLC organisations directly and verifiably.* (Paragraph 129)

Although led by FCDO, the UK's IPLC Forest Tenure Pledge commitment pertains to UK Government as a whole. On this basis we agree with the Committee.

The IPLC Forest Tenure Pledge has been successful in influencing UK priorities, resulting in new Official Development Assistance (ODA) programmes that strengthen governance, including IPLC's role within this. An important part of our work is with partner governments to support systemic changes to land and forest tenure laws and administration systems; this complements our work with IPLCs, and is a critical enabler to advancing forest tenure security.

In addition to leading the launch of the IPLC Forest Tenure Pledge, the UK also led establishment of the Pledge Donor Working Group to foster coordination and collaboration between donors, and also wider organisations including CSOs and organisations led by IPLCs. This meets quarterly, and was chaired by the UK over 2022.

The IPLC Forest Tenure Pledge highlighted the need for greater accountability on how donors channel support to IPLCs more effectively. The UK's Pledge commitment is ODA and part of the UK's International Climate Finance. Project management costs, due diligence and risk management requirements to spend public money can constrain our ability to provide direct funding to local communities at scale. To effectively fund multiple IPLC organisations while meet our reporting, risk, and accountability requirements, we work through intermediary organisations, which can manage multiple grants on our behalf while reducing administrative and reporting burdens for IPLC organisations. They can provide technical support to IPLC organisations at different development stages, thus increasing capacity of these organisations to ultimately receive direct funding.

We recognise the importance of working with intermediaries that are trusted by IPLCs and accountable for how funding and technical support reach communities. We are increasingly seeking to work with organisations that give greater control to IPLCs on how funds are spent and work proactively to make funds more accessible to communities. For example, the UK's Global Land Governance Programme will channel £9m of its funding through the International Land and Forest Tenure Facility, which provides direct grants to IPLCs.

Through programmes such as AIM4Forests and UK PACT, the UK is also supporting capacity building for IPLCs in relation to access to carbon finance, which can become another important source of direct finance for IPLC's forest stewardship efforts. Successful delivery of the UK's commitments under the IPLC Forest Tenure Pledge will require ODA budgets in these areas to be prioritised.

18. We recommend that the scope of the next phase of the Forest Governance, Markets and Climate Programme should be kept under regular review to ensure that the most significant drivers of deforestation are included. (Paragraph 138)

FCDO is currently developing the Business Case for a follow-on 10-year forest governance markets and climate programme. It will adopt a phased approach allowing the programme to adapt to new threats and challenges for tropical forests and have a broader remit looking beyond timber to illegal deforestation.

19. We recommend that the report of the Government review should be shared widely, including with the relevant EU authorities and Member States preparing for the successor programme to FLEGT-VPA. Lessons learned should be incorporated thoroughly into future UK programmes so as to address most effectively all deforestation activities driven by production of forest risk commodities. Where appropriate the review's findings should take a country-based approach, analysing the country-specific factors which have contributed to particular outcomes. (Paragraph 150)

The FLEGT Post Implementation Review (PIR) reflects on the experience of several VPA countries, with a particular focus on Indonesia, Ghana, Liberia and Guyana, including analysis of stakeholder views highlighting country-specific factors. The PIR provides clear conclusions on the effectiveness of FLEGT licensing and Voluntary Partnership

Agreements (VPA), and recommendations for future work in this area. The PIR will be published shortly on gov.uk and will be widely accessible. Once published, the review will be shared with relevant teams in Defra and across Government. Further analysis of the lessons learned for policy makers will be conducted and disseminated in due course. For clarity, the EU has reaffirmed their commitment to VPA partnerships, which will continue to operate alongside their EU Deforestation Regulation, with FLEGT licensing being an accepted EU standard of legality.

20. We recommend that the Foreign, Commonwealth and Development Office continue to address measures to improve tenure rights through its development programming. Ministers must ensure that IPLCs are supported in the protection and restoration of forests: one means of achieving this objective is by promoting the inclusion of IPLC representatives in all relevant global and national negotiations. (Paragraph 159)

As clarified under recommendation 17, FCDO shares responsibility with all of Government to uphold the commitments made under the IPLC Forest Tenure Pledge. This includes addressing measures to improve tenure rights, or support IPLCs in the protection and restoration of forests.

Improving the tenure rights of IPLCs is an important focus of a number of UK ODA programmes, including the Global Land Governance Programme; Forest Governance, Markets and Climate programme; and Forest, Communities and Sustainable Growth (TEFOS) programme. In addition, the UK's contribution to the REDD Early Movers programme, the Brazilian Amazon Fund and the Central African Forests Initiative (CAFI) supports several project activities which seek to strengthen IPLCs' forest tenure security. The UK Government is committed to developing new projects and programmes in this area. For example, in autumn 2023, FCDO officials carried out a scoping mission across five Amazon countries, meeting with 18 IPLC organisations and 17 partner NGOs, in order to better understand IPLCs' needs and priorities for donor support. This will inform the design of future HMG policy and programmes.

The UK Government is also taking action to promote the inclusion of IPLC representatives in key global and national negotiations. For example, through the Forest and Climate Leaders' Partnership (FCLP), which the UK co-launched with other members at COP27, a Platform for Indigenous Peoples' and Local Communities (IPLCs) is being established as an inclusive and constructive dialogue between governments, funders and representatives of IPLCs organisations. This will allow IPLCs to actively participate in high-level discussions, emphasising the importance of securing forest tenure rights. The UK also supports greater inclusion of IPLCs within the formal UNFCCC negotiations, including language that both recognises the important role that IPLCs play in climate action and respects their rights. During the UK's COP26 Presidency, the role of IPLCs was recognised in both decision text and non-negotiated outcomes, and Parties agreed the three-year Local Communities and Indigenous Peoples Platform (LCIPP) workplan, which is now being implemented.

21. If the UK Government is to persuade other major consumers to act on their deforestation footprint, it is important that the UK leads by example. We recommend that Ministers use the opportunity of bilateral and multilateral trade negotiations to encourage consistently high environmental and social standards, so as to accelerate the transition to sustainable supply chains which minimise deforestation risk. (Paragraph 170)

We acknowledge the importance of working with partners through all avenues of collaboration to support this agenda, including our trade negotiations. In line with our international obligations, the UK will continue to uphold our high environmental standards in all our trade agreements. The Government shares the public's high regard for the UK's environmental protections and has made clear that we will not compromise on these in our Free Trade Agreements.

Free Trade Agreements form a critical part of the UK's trade programme and we are working on securing provisions that support the government's ambition to protect the environment and address climate change. This includes preserving our right to regulate, including to meet climate change objectives, and affirming our shared commitment to the Paris Agreement. We also aim to use our trade agreements and our bilateral trading relationships to support UK ambition on forestry, nature and sustainable supply chains and to address deforestation and forest degradation.

Moreover, at COP26, the UK led the way on securing endorsement from over 140 world leaders to work together to halt and reverse forest loss and land degradation by 2030 under the Glasgow Leaders' Declaration on Forests and Land Use.

Also, the UK, as COP26 Presidents, launched the Forest, Agriculture and Commodity Trade (FACT) Dialogue in February 2021, which convenes 28 major producer and consumer countries of internationally traded agricultural commodities to collectively agree actions to protect forests and other critical ecosystems, while promoting sustainable trade and development.

22. We reiterate the recommendation of our 2021 report on the UK's footprint on global diversity: sustainability impact assessments must be conducted for all future trade agreements. Ministers must develop strategies for the effective monitoring and delivery environmental net gains, including gains through halting and reversing deforestation, in its negotiations for and implementation of the UK's trade deals. (Paragraph 171)

Published Impact Assessments for new Free Trade Agreements have already included both quantitative and qualitative estimates of the impacts on several aspects of the environment, including emissions, deforestation, air and water quality, and biodiversity. Separately, the Government has undertaken research over the last 18 months exploring the feasibility of assessing net gain in trade.