

## **WWF-UK : Request for Proposal (RfP) to Develop a Framework to Decrease the Deforestation and Land Use Impact of the United Kingdom's Financial Sector**

### **Background – WWF-UK Strategy**

The environmental impact of human activity on both nature and climate is at a critical point. Since 1970, we have seen a calamitous decline in vertebrate wildlife population sizes of, on average, 68%. Over the next decade, we face a triple challenge; to meet the needs of a growing human population against a backdrop of a dramatically changing climate and a biodiversity crisis, on land and at sea.

WWF's strategic vision is that by 2030, we will have halted the decline of nature. WWF has three strategic pillars to this aim: 1) to maintain thriving habitats and species, 2) to support alignment to the Paris Agreement and limit global warming within 1.5 degrees Celsius, and 3) support the transition to sustainable, healthy global food systems. Agriculture, forestry and land use account for 23% of anthropic emissions<sup>1</sup> and are key drivers of species loss<sup>2</sup> including through deforestation and conversion of primary ecosystems<sup>3</sup>. It is therefore critical to raise the profile of these issues amongst key stakeholders, policymakers and financial institutions, and enable them to support the transformation to more sustainable, healthy and Paris-aligned food system.

### **Background – “Risky” Finance and exposure of finance to deforestation**

WWF-UK's Riskier Business report<sup>4</sup> shows that to supply the annual UK demand for just seven ‘forest-risk’ commodities (beef & leather, soy, paper & pulp, palm oil, timber, cocoa and rubber), a land area of 88% the size of the UK - a total of 21.3 million hectares - is required. About 28% of the UK's overseas land footprint (nearly 6 million hectares) is in countries at high or very high risk of deforestation, weak governance, and poor labour standards. Although about 1.6 billion people depend directly on forests to secure their livelihoods, the supply chains of everyday products are not adequately assessed for environmental and human rights harms by the corporates and financiers who fund them.

A series of exposure pieces have linked the UK's financial sector, particularly large trade banks, to the financing of “forest risk” commodities. It is estimated that about 6 billion dollars-worth of finance from the UK has been provided to the six largest agribusinesses driving deforestation, since 2013<sup>5</sup>. Such estimates are only for soft commodities and do not cover significant financing of other commercial activities in these sensitive regions, for example mining and infrastructure development.

To address the UK's broader global footprint, amendments have been made to the existing UK Environmental Bill to ensure that a mandatory due diligence requirement is in place for those engaged in commercial activities related to the above “forest risk” commodities. WWF is advocating for a UK commitment to halve the footprint of consumption and production by 2030 (including through managing supply-chain risks of overseas deforestation). And through the 25 Year Environment Plan process (2017-18), we secured a commitment from government to leave a lighter footprint on the environment overseas. WWF has also sought a due diligence obligation for those trading in “forest risk” commodities, and alignment with the Accountability Framework Initiative, to be covered in the new amendments to the Environment Bill. Furthermore, through the Global Resources Initiative (2019 ongoing) we have advocated for a longer-term commitment to address aspects of overseas footprint, starting with deforestation and conversion in supply chains. However, so far very little has

---

<sup>1</sup> IPCC Special Report on Climate Change and Land: [https://www.ipcc.ch/site/assets/uploads/sites/4/2020/02/SPM\\_Updated-Jan20.pdf](https://www.ipcc.ch/site/assets/uploads/sites/4/2020/02/SPM_Updated-Jan20.pdf)

<sup>2</sup> WWF, Living Planet Report, 2020: <https://f.hubspotusercontent20.net/hubfs/4783129/LPR/PDFs/ENGLISH-FULL.pdf>

<sup>3</sup> WWF, Deforestation Fronts, 2020: <https://sites.google.com/wwf.panda.org/forests/communications/key-reports/deforestation-fronts-report>

<sup>4</sup> WWF, 2020, Riskier Business: [https://www.wwf.org.uk/sites/default/files/2020-07/RiskierBusiness\\_July2020\\_V7\\_o.pdf](https://www.wwf.org.uk/sites/default/files/2020-07/RiskierBusiness_July2020_V7_o.pdf)

<sup>5</sup> Global Witness, Money to Burn, 2019: <https://www.globalwitness.org/en/campaigns/forests/money-to-burn-how-iconic-banks-and-investors-fund-the-destruction-of-the-worlds-largest-rainforests/>

been done to demonstrate what a Paris-aligned portfolio looks like for the finance sector beyond fossil fuels, and what best practice looks like in terms of due diligence, including the use of spatial finance techniques. Few financial sector actors have comprehensive corporate deforestation and conversion policies in place or requirements on clients who trade in these commodities to do additional due diligence<sup>6</sup>. There is a need for a stronger evidence base to understand what a due diligence mechanism could and should look like for the finance sector, and how the finance sector can start to align portfolios to the Paris Agreement for sectors such as food.

WWF is therefore commissioning a report to influence discussions ahead of COP26 on mandatory due diligence of the financial sector. The report will look at what model mandatory due diligence standard and framework for finance might look like, from both a corporate policy and a legal framework perspective. It will also assess existing best practices in the finance sector on corporate due diligence. This piece of work will lay the groundwork for our advocacy over the coming years and provide a foundation for discussions on how to reduce the UK's international climate and environmental footprint. It will result in a publication, targeted towards policymakers and private sector finance (i.e. banks and investors).

### **Objectives of this study**

1. Building off the approach to WWF's previous report, Riskier Business<sup>7</sup>, highlight the exposure of the UK and EU's finance sectors to deforestation risks (private, public and multilateral). While the focus is on soft commodities, this coverage can be extended to all forest-risk commodities, where feasible (e.g. mining, energy, infrastructure).
2. For policymakers: demonstrate what a mandatory due diligence policy for the UK finance sector on deforestation may look like, covering applicable sectors, and drawing on leading global legal and regulatory frameworks.
3. For private sector banks and investors: identify best practice and new solutions in the finance sector to eliminate deforestation, including:
  1. Reviewing existing disclosure standards and their likely coverage of deforestation and environmental risk (e.g. Task Force for Climate Related Financial Disclosures (TCFD), and the nature equivalent, TNFD).
  2. Investigate new solutions pioneered by leading financial sector actors on disclosures, monitoring and supply chain transparency, incl. the use of spatial finance and those reporting on scope 3 emissions.
4. For banks: design a model corporate policy and plan on deforestation for the banking sector, in close collaboration with the WWF-Sustainable Finance Team, that would enable the actor to meet due diligence requirements.

### **Deliverables and methods**

1. An in-depth review of literature, company reports and existing legal and regulatory frameworks globally that can inform the outcomes of the report. The assessment may want to draw on examples such as the Modern Slavery Act, Non-Financial Reporting Regulations, etc.
2. An analytical or methodological approach, developed by the consultant, to estimate risk exposure of the UK finance sector to deforestation and conversion globally.
3. A review of existing voluntary reporting frameworks that can be applied to deforestation and conversion to compare the best options for monitoring, reporting and verification of these risks.
4. A series of interviews with stakeholders and a half-day online workshop to assess what the finance sector needs to best manage deforestation risks in portfolios.
5. A presentation of the outcomes to client on completion, and a final, public report deliverable mid-2021. The report would be expected to take 3-4 months to complete.

---

<sup>6</sup> Forest 500 Report, 2021: <https://forest500.org/analysis/insights/nearly-100-financial-institutions-risk-funding-deforestation-27-trillion>

<sup>7</sup> WWF, 2020, Riskier Business: [https://www.wwf.org.uk/sites/default/files/2020-07/RiskierBusiness\\_July2020\\_V7\\_o.pdf](https://www.wwf.org.uk/sites/default/files/2020-07/RiskierBusiness_July2020_V7_o.pdf)

### **The Requirements of Consultant/s:**

The chosen consultant/s will be able to work with us in the following way:

1. Collaborate closely with WWF's Sustainable Finance Team, attend update meetings with the client and externals, and incorporating feedback.
2. Synthesize outcomes from interviews and the workshop and communicate effectively to external and internal stakeholders.
3. Have expertise in the legal, finance and/or economic fields, and an understanding of the UK/EU environmental & regulatory landscape.
4. Have knowledge and understanding of existing corporate reporting frameworks for environmental risk for banks and investors.

### **In their response, an external partner must be able to demonstrate and evidence:**

1. Understanding of the brief and propose options for the approach. *Please outline the timelines and requirements of us.*
2. Depth and breadth of expertise in similar projects. *Please include names of recent clients for who you have delivered similar work.*
3. A strong team that can provide responsive service. *Please provide short biographies for all those who would be involved on the project.*
4. A strong alignment with WWF's vision and mission with values that respect diversity, equality and inclusivity and evidence of partnership working. *Please provide a short statement on this and how you evidence your values in your work.*
5. Value for money; competitive pricing for expertise. We need fees to be clear and structured. *Please state day / hourly rates and price per project element, ideally with capped fees, and propose a budget for the work.*
6. Confidentiality and Data protection. *Please provide your confidentiality statement and GDPR principles.*
7. Diversity, Equality and Inclusivity (DE&I). *Please share your approach to DE&I and how you would approach the project in this respect.*
8. References. *Please provide two referee clients.* (We would not approach without your permission).
9. It is our preference that an appointed external partner adopts our standards terms and conditions for engaging with us, attached. *Please can you state whether that is acceptable to you and/or specify terms that might create difficulty for you.*

### **The Selection Process**

A WWF focal point and selection of associates will review the proposal with approximate weightings shown:

1. 25%: The organisation's proposed approach to the 9 points above
2. 20%: Depth and breadth of expertise as evidenced by recent client work
3. 20%: Values, partnership, inclusivity – alignment with WWF
4. 35%: Price – value for money

### **Timelines and Next Steps**

This RfP was issued on the 03/02/2021. Any potential providers can contact **Alison Midgley** ([amidgley@wwf.org.uk](mailto:amidgley@wwf.org.uk)) copied to **Ray Dhirani** ([RDhirani@wwf.org.uk](mailto:RDhirani@wwf.org.uk)) with any queries, until Monday the 22<sup>nd</sup> February 2021.

Please send responses to this RfP to the above focal points. We request that all responses are returned to us by **Friday the 26<sup>th</sup> February 2021**. A decision will be made as soon as possible with a view to the project in **March 2021**.

-----  
Thank you for expressing an interest in working with and supporting WWF-UK with this important piece of work. We look forward to receiving your response.