



WWF *for a living planet*

WWF-UK's Business and Industry Engagement Policy

THE VISION

WWF sees a future in which business makes a net positive contribution to the well-being of society and the planet.

STRATEGIC INTENT

To achieve this, WWF will engage in challenging and innovative partnerships with business to drive change and generate income.

BUSINESS SUSTAINABILITY

Business and industry groups are increasingly recognising their responsibilities to society and the environment. For example, former HSBC Chairman Sir John Bond said, "companies as well as individuals have a responsibility for the stewardship of this planet, which we hold in trust for the future".

WWF-UK also believes that it is the health of our natural world that determines the health of our economy and in turn that it is the activities within our economy in particular business that determines the health of our planet. There is an essential coupling of the environment and the economy and business competitiveness must encompass both financial and environmental costs.

In an increasingly carbon and natural resource-constrained world, environmental leadership will be a key differentiator. Investors, consumers and policy makers are driving greener production of goods and services and so those companies that choose to set the agenda rather than be led by it, will gain the edge on their competitors.

WORKING WITH BUSINESS AND INDUSTRY

WWF's approach to business is constructive, collaborative and challenging as we are convinced that the business community offers one of the most effective routes to finding sustainable solutions to the world's pressing environmental challenges. We believe our vision can be achieved to maximum effect by working in partnership with business and by harnessing the influence, expertise, and financial support of companies committed to sustainable business practices.

WWF works in partnership with organisations such as HSBC and Lafarge to address global threats to the environment including climate change, pollution and the over-use

of renewable resources. We also receive significant funds from our work with these companies. Our constructive engagement with business and industry enables us to develop partnerships, raise funds for nature and the environment, stimulate innovation in business and challenge bad practice.

We are actively pursuing partnerships in the energy, financial, transport, food and drink sectors among others. (Please see our priority sectors and associated policy goals in Appendix 1.0). Our partnership and investment activities are largely based on a best-in-sector or a significant change basis i.e. where companies commit to forward looking challenging environmental improvement targets.

WWF will enter into partnership if the engagement provides a 'strategic fit' to WWF's key objectives and if we are convinced there is real commitment to progress, which is both 'monitored' and 'communicable'. We will also seek funding from low-impact companies without programmatic engagement, although the latter would be our aspiration.

DECISION-MAKING PROCESS

The decision-making on all potential relationships is initially carried out by WWF-UK's Business and Industry Core Group (BICG), chaired by our Chief Executive. The BICG is guided by this policy and informed by in-house expertise and external research into a company's environmental performance. It also advises on partnership goals and target-setting.

Decisions on partnerships with a value of £1million or more, or where partnerships could be considered especially controversial will be referred to our Board of Trustees in accordance with the current Scheme of Delegation. WWF-UK will also be informed by the international WWF Network priorities and policies.

WWF-UK's Investment Committee works to ensure monies are invested in accordance with our Socially Responsible Investment Policy and this policy. Investments that could be considered controversial are referred to the BICG and if necessary, the Board of Trustees.

MONITORING AND EVALUATION

WWF-UK will set robust, clear and measurable objectives to provide a framework for corporate environmental improvement as part of the decision making process for agreeing a new engagement. We will also set issue specific improvement targets when this is relevant to the company engagement activity. Business and industry engagements are subject to a six monthly rolling review programme against pre-agreed SMART targets that will be developed in order to monitor each company's commitment toward sustainability.

WWF-UK reserves the right to criticise a company's behaviour where there is disagreement and to challenge a company that fails to meet the pre-agreed engagement targets. We also reserve the right to withdraw from any relationship in the event a company undertakes new activities at odds with the WWF-UK brand and mission, or in

the event of a company take-over or fundamental change to the company's management board, if we believe that this will compromise the attainment of the original objectives with that company.

EXCLUSION

A system is used to screen out those companies that cause greatest environmental damage and/or greatest risk to the WWF brand.

WWF-UK will exclude investing in or taking money from companies whose core business is: -

- Armaments (offensive armaments and weapons systems)
- Tobacco
- Trade in CITES Appendix 1 listed flora and/or fauna
- Animal testing for cosmetic or other non-medical products
- Medical testing on endangered species
- Nuclear power

Where a company, which would otherwise meet WWF-UK's partnership or investment criteria, is a subsidiary of a conglomerate whose core business falls into these categories, that subsidiary shall be treated with extreme caution.

EXTREME CAUTION

Extreme caution is applied where investing in or taking money from companies might result in an overall conflict of interests, offend our supporters and partners, and damage WWF-UK's brand and reputation. These are companies in high-impact sectors and operations, and in these circumstances more extensive due diligence is undertaken and more challenging commitments to change are required.

Companies will be treated with extreme caution where the turnover for a company's or conglomerates' activities associated with the areas below exceeds 10 per cent. The extreme caution areas are as follows:

- Animal testing for medical purposes
- Genetic engineering
- Pesticides and agro-chemicals
- Ozone depleting chemicals
- Oil & gas extraction* (currently subject to a WWF Network moratorium)
- Coal extraction*
- Large-scale hydro-electricity generation
- Hazardous chemicals and plastics
- Timber products (unless certified by the Forest Stewardship Council)
- Intensive farming
- Internal combustion vehicle manufacture (but recognising environmental leaders in this sector)
- Environmentally insensitive mining
- Environmentally insensitive tourism

- Environmentally insensitive civil engineering and construction
- Aviation

* To be informed by the outputs of the WWF Global Energy Task Force (pending)

Management and Trustees have to strike a balance between managing brand risks and fulfilling our obligations to maximise charitable income.

APPENDIX 1.0

WWF-UK PRIORITY SECTORS FOR PROGRAMMATIC AND FUNDRAISING ENGAGEMENT AND ASSOCIATED POLICY GOALS

1. Oil, Gas & Extractives

- Improved policies on no go zones for protected areas
- Improved transparency and provisions for environmental/biodiversity liabilities
- A coherent pathway from fossil fuels to alternatives

2. Banking & Finance

- Policies and practices from banks, asset managers and IFIs that facilitate sustainability in their investments.

3. Power

- A coherent pathway from fossil fuels to alternatives
- Energy efficiency commitments

4. Transport and Travel

- Policies and practices that facilitate sustainability within the transport sector
- Support for the EU ETS/separate cap and trade scheme to reduce emissions
- Support for cleaner technologies
- Measurement, management & year on year reduction of energy, fuel & water use

5. Agriculture - production & retail

- Support for WWF on initiatives such as: *Better Sugar/Cotton, the Food Lab*, soy, palm oil, timber, cork, chemicals, water, climate change, fish and eco-regions.
- More sustainable policies and practices, leveraging changes in farming practice, infrastructure development and management

6. House Builders

- Development of a national Code for Sustainable Buildings (CSB) based to be used on all publicly procured buildings.
- Building Regulations are revised to require the development of more sustainable homes
- Fast-tracking of planning for developments that meet the highest sustainability standards

7. Media & Advertising

- Increased responsibility in terms of the influence and 'brainprint' on society.

8. Chemicals Industry

- Policies that facilitate responsible chemical management

9. Marine Industries

- Improved policies on no go zones and protected areas
- Managing human demands on marine resources, including harvesting of fish stocks