



# COLLABORATIVE SOY INITIATIVE

convened by RTRS

## **Conversion free supply chain soy: how to gain scale beyond 2020, starting from the Cerrado**

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# Lack of progress: a reflexion

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- **Credible certifications** did not mainstream and progress slowly.
- **Unaligned, unclear definitions, costs and complexity** of traceability and transparency solutions.
- Many players **did not take any concrete action** beyond committing and publicizing commitments;
- Most solutions **are too small scale**. Preferential sources, from producers or jurisdictions, impact **only a small fraction of the total traded volume and the producing regions**.
- **Segregated demand** increases logistic trading/transport costs, creating market niches with limited impact.
- **Risk and costs avoidance** divert responsible sourcing (certifications and jurisdictions) from problematic regions.
- While **these regions attract laggard** buyers willing to avoid stricter scrutiny and rules (**leakeage**).



# To tackle multiple, unclear definitions and tools: The Accountability Framework (AF)

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The **Accountability Framework initiative (AFi)** is a collaborative effort to accelerate progress and improve accountability for ethical supply chain commitments in agriculture and forestry.

The **Accountability Framework** is a set of common definitions, norms and guidance intended to bring greater clarity, consistency, effectiveness, and accountability to the implementation of these commitments.

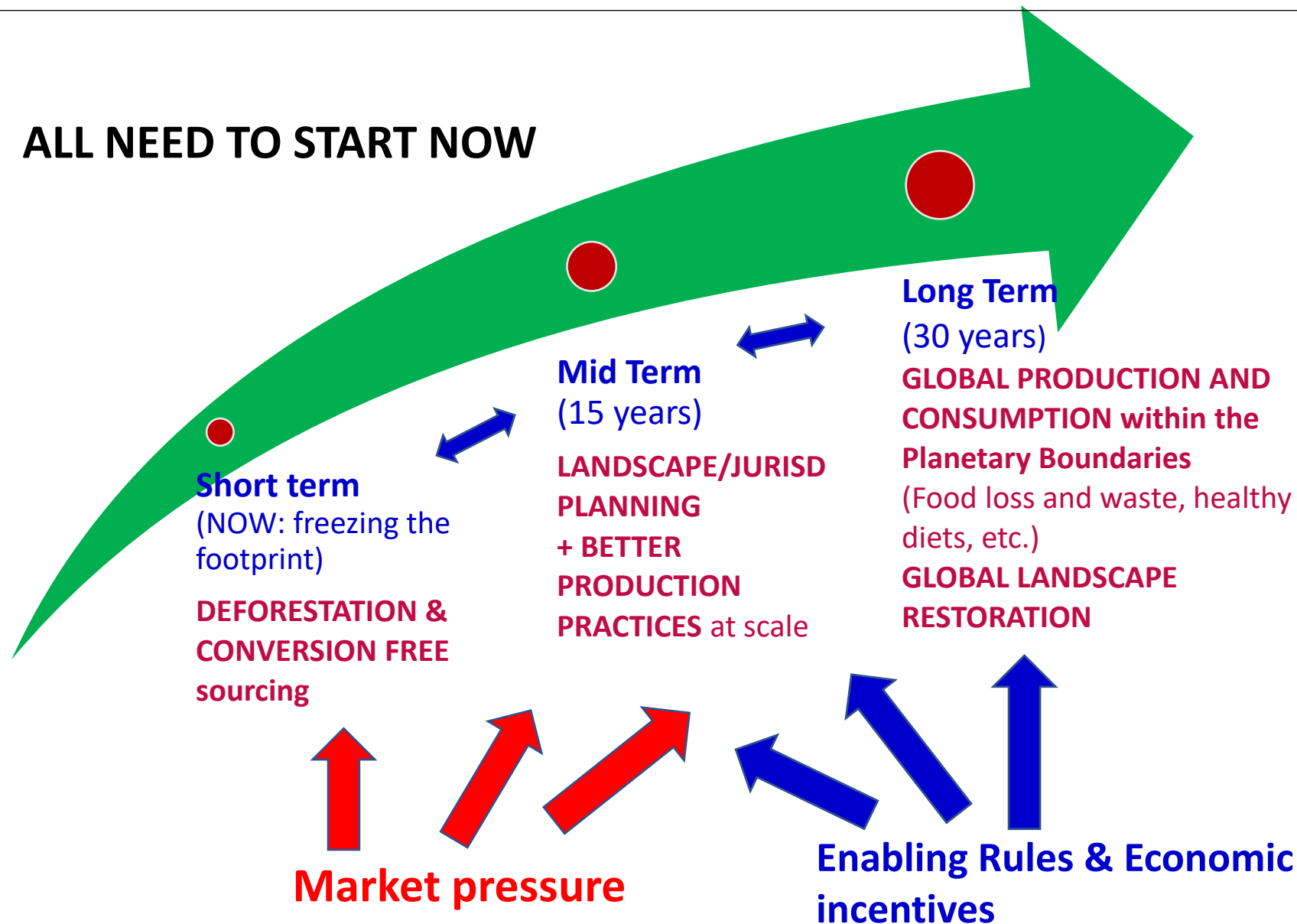
This Framework aims to help companies and others fulfill commitments by:

- **clarifying good practices** and critical details for setting, implementing, monitoring, verifying, and reporting on supply chain commitments and their achievement;
- clarifying **which standards, tools and systems** can fulfill supply chain commitments in different contexts;
- **filling critical gaps** for topics where clear guidance is lacking;
- **improve the level of consensus and alignment** around ethical supply chains

# Way forward

- **No single silver bullet.**
- **Rapid gain of scale of conversion-free sourcing** is essential for **protecting** landscapes.
- **Conversion-free demand** from supply chains are vital condition for stopping conversion (as in the Soy Moratorium).
- This demand needs to **mainstream ASAP** to avoid niches and leakages between commodities and landscapes.
- Companies should also engage and act **beyond their individual scope of business**, greening their suppliers as much as their own supplies, and influence their sourcing landscapes.
- Companies and governments operating in or sourcing from high risks regions should not divest but **focus efforts to actively address risks in these regions**.
- Just as for human rights, not destroying any more ecosystems to produce more food must become **common sense, a core value**, as first step of a sustainable future

# Complementary strategies, different timescales of impact



# Synergies between approaches:

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**The complementary roles of upstream and downstream companies** can create the base of long-term relationships for sustainable supply chains.



**Direct sourcing and supply chain engagement** are interdependent and need to coordinate.



**Precompetitive sectoral and regional agreements** (scale of whole frontiers) allow to gain scale in high risk regions, eliminate costs of segregation and niches, and share resources.



**Certification and Landscape/Jurisdictional approaches** complement the supply chain + direct sourcing approaches, through reliable shared traceability and **longer-term sustainability strategies at the production level.**



Both need to happen in regions and **areas of highest risks** and gain as much scale as possible, to deliver significant impact on conversion and prevent leakages.



**Consistent conversion-free demand enables successful landscape approaches:**  
- by curbing land speculation on natural ecosystems, reducing conflicts, allowing longer term investments and better governance.

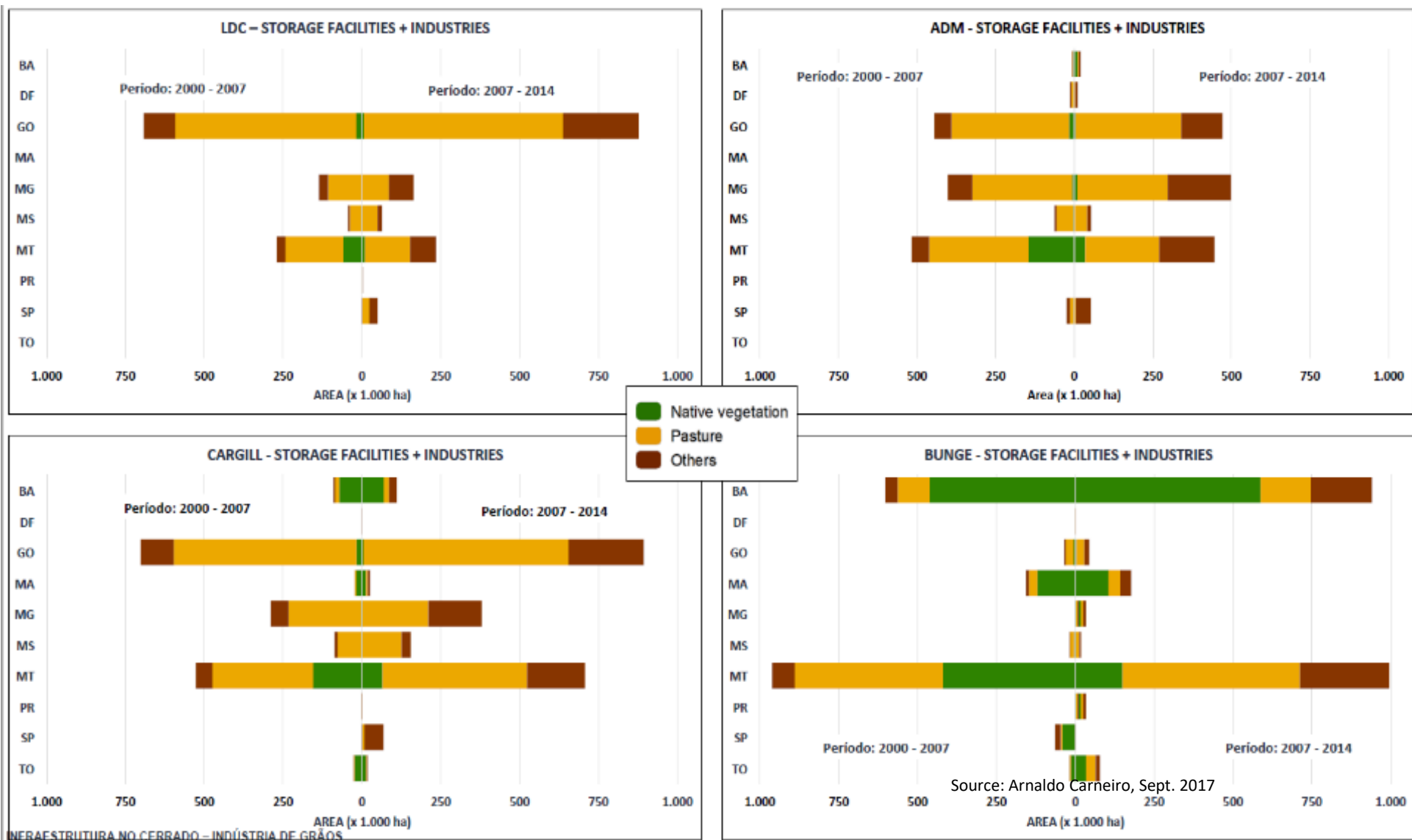
# Role of the large traders

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- **Interface** between producers and supply chains
- **Key leverage on deforestation and conversion.** Traders have the power to eliminate most of commodity-related conversion
- Dominance, high competition, narrow profit margins, logistic constraints and relationship with producers create resistance to change.
- Adoption of mainstream conversion-free sourcing policies need **large scale consistent demand, as well as consistent engagement and pressure**
- Such engagement starts to surge effect, with the **creation of the [Soft Commodity Forum](#)** and engagement of large traders in **sectoral negotiations** for soy in [Cerrado](#) and palm oil in SE Asia.
- Practice still lags behind (see [1](#), [2](#), [3](#)).

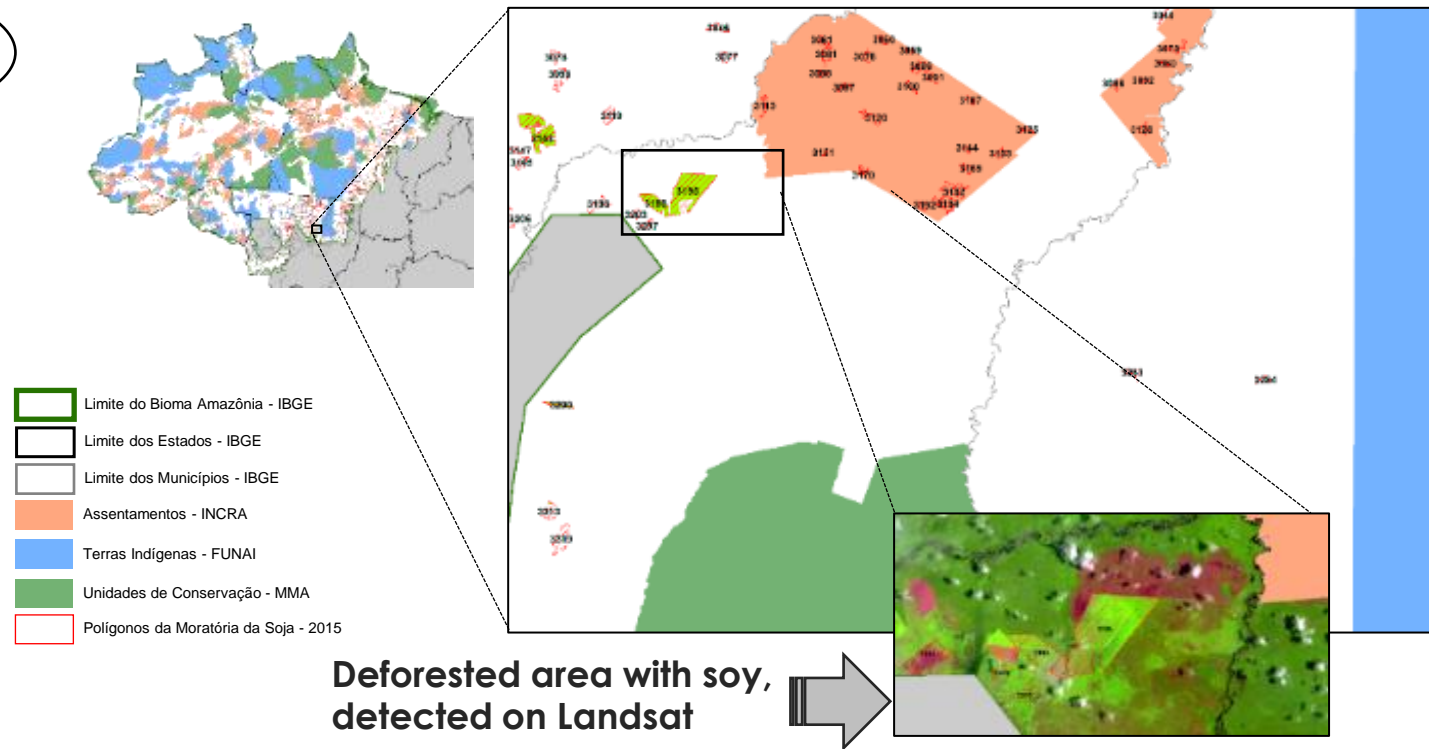
# Overview of Brazilian Soy Supply Chain





# Market pressure: Amazon Soy Moratorium

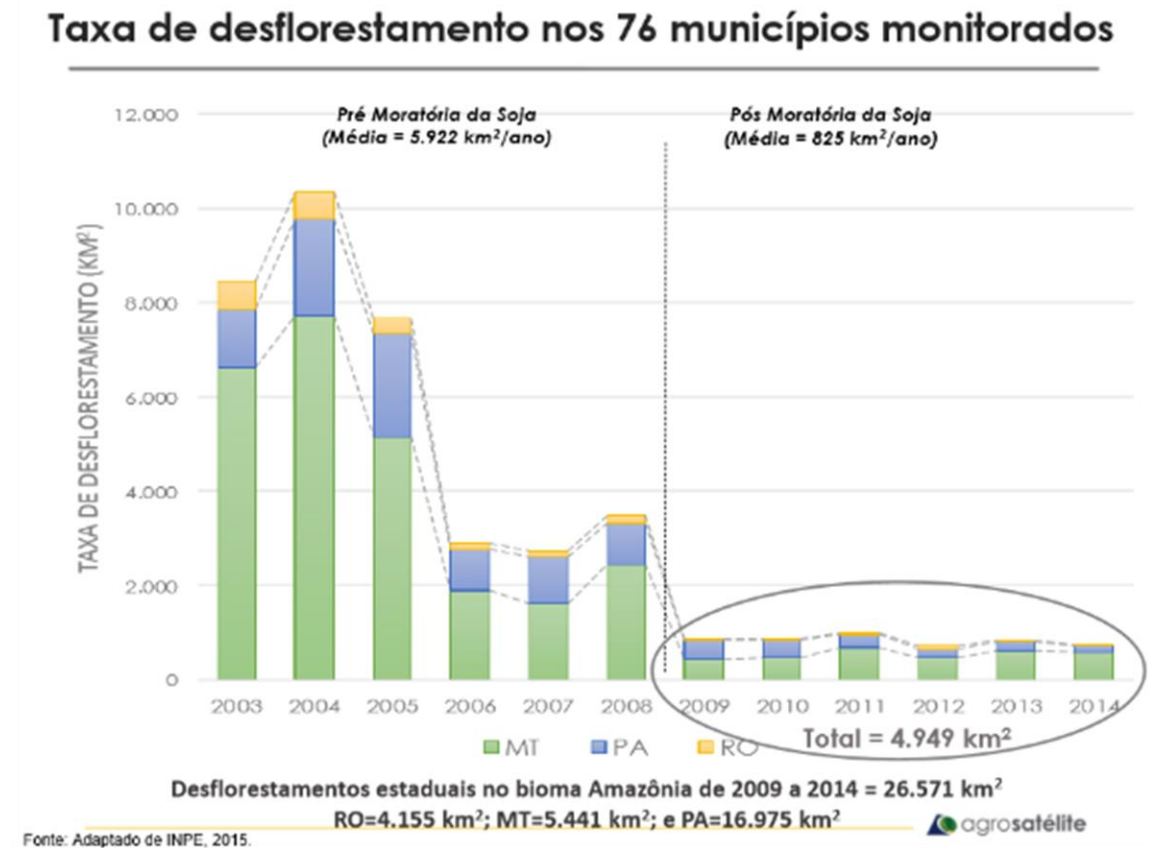
How to do it?



Benchmark of large scale, precise deforestation control of soy supply.  
Region – District – Farm.

# Do traders engage farmers work?

- **Yes**, after the traders agreed to the Amazon Soy Moratorium deforestation from soy in the Amazon **decreased from 30% to less than 1 %**
- At the same time, production of soy has also increased 300% in the Amazon (through using only existing agricultural land)



**Result: immediate  
deforestation curb.**

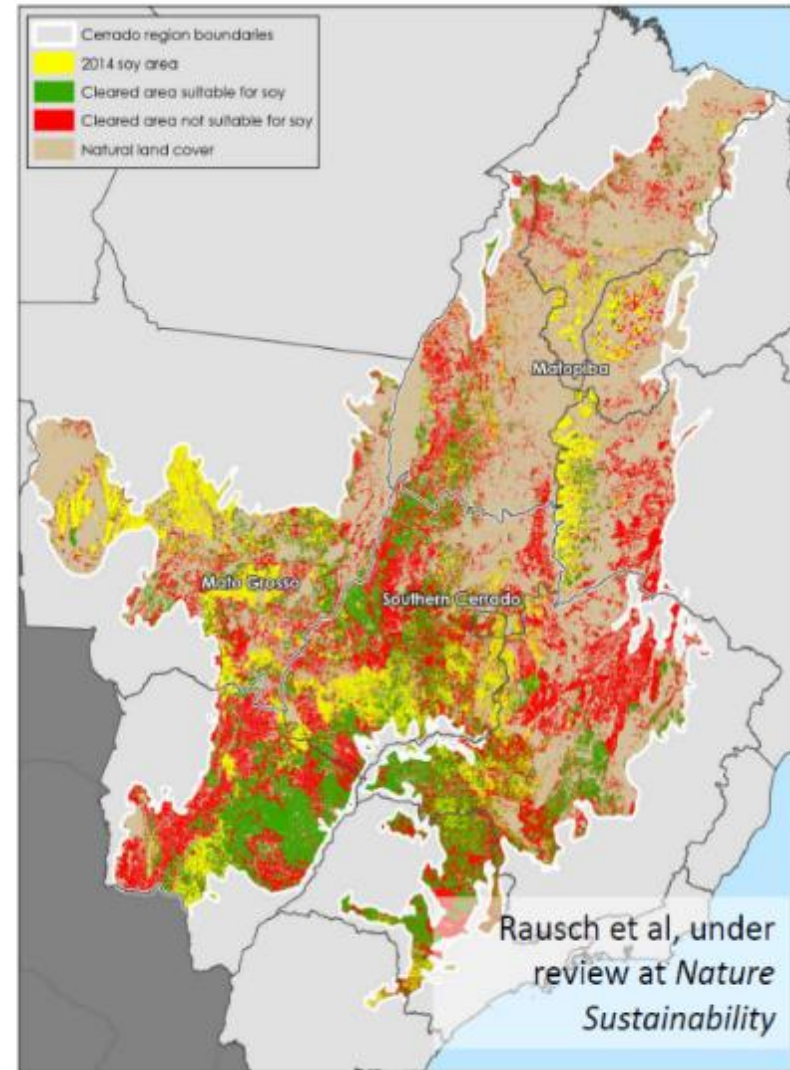


38 million hectares of highly suitable, already cleared land available in the Cerrado, **to triple Cerrado soy production** without cutting one single native scrub (or tree).

**There is enough cleared and suitable land to triple soy area in the Cerrado – up to 38Mha**

Cleared and suitable area is concentrated in the Southern Cerrado

70% of highly suitable, cleared area is currently used as pasture



# Chinese Meat Declaration



## 中国肉类可持续发展宣言

### Chinese Sustainable Meat Declaration

2017.10.17·青岛·Qingdao

随着全球人口对肉产品的需求不断增长，社会和企业面临着前所未有的挑战和机遇。肉类生产对自然资源消耗巨大，对环境的压力也日益凸显。我们承诺通过以下行动来减少肉类生产对环境的影响。

我们承诺发展绿色生产，通过绿色生产来减少肉类生产对环境的影响。我们将通过绿色生产来减少肉类生产对环境的影响。我们将通过绿色生产来减少肉类生产对环境的影响。

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The growing global demand for meat products to feed an increasing population is creating urgent related pressures and opportunities on the environment, society and the global economy. Impacts to natural resources and ecosystems associated with meat production are raising business challenges to our ability to have a healthy planet able to meet the needs of future generations. The vital positive role that meat production plays in providing to the global economy, society and to the environment must be developed and supported to ensure livestock is a net-positive contributor to humanity. The entire meat value chain plays a proper role in creating a more sustainable and peaceful livestock sector and supporting the promotion of protein and leading practices that provide economic, social and environmental benefits now and into the future. Jointly supported by WWF and China Meat Association, stakeholders to the Chinese meat industry jointly declare our commitment and call other stakeholders to support concerted efforts to promote sustainable meat production, trade and consumption.

We hereby call on all stakeholders to support sustainable meat with integrated efforts in social, economic and environmental dimensions through taking the following actions:

1. Continuously move to conserve nature and resources by avoiding land degradation, deforestation and conversion of natural vegetation in the livestock production and feed value chains.
2. Continuously avoid and eliminate illegal logging, meat production and trade.
3. Continuously improve recovery efficiency including water, energy and land. Increase product value and utilization, and reduce negative impacts such as GHG emissions and pollution.
4. Continuously improve traceability and transparency in supply chain management.
5. Continuously improve the accuracy of origin and health to avoid antibiotic overuse and resistances in the supply chain of meat products.
6. Continuously improve animal welfare throughout livestock production, transportation and slaughtering.
7. Strengthen multi-stakeholder dialogues and build consensus for continuous dissemination, sharing and extension of sustainability concepts, best practices and lessons learned in meat production.
8. Develop short-term plans and establish the regular reporting, overall assessment and continuous improvement mechanisms to progress the sustainable meat project in China.

联合发起单位 / Co-initiators



Continuously move to conserve nature and resources by avoiding land degradation, deforestation and conversion of natural vegetation in the livestock production and feed value chains.





## The Cerrado Initiative - Aligning Conservation, Business and Social Development

- **Halt the conversion** of natural ecosystems
- **Use already cleared areas more efficiently** and rehabilitate degraded soils for production
- **Restore natural vegetation** on a large scale
- **Promote biodiversity-based business** and sustainable use of the ecosystems
- **Create Protected Areas** (strict and of sustainable use)

# Next steps:

- No new deadline – the deadline is 2020.
- The date is each single day from January 2020.
- Stepwise approach to measure and compare progress.



# Common Methodology for Assessment of No-Deforestation and Related Commitments (draft, June 2019)

Common metrics are organized around nine assessment questions (A-I), associated with information on four aspects of company performance and aligned with guidance provided to companies in the Accountability Framework.

	Company information and <b>Exposure</b>	Set <b>Commitments</b> : Content, scope and specification of commitments	Take <b>Action</b> : Implementation systems and activities	Demonstrate <b>Progress</b> : Monitoring, verification, and outcomes
<b>Guiding questions for assessment</b>	<p>1. What is the extent of the <b>company's exposure</b> to forest/ecosystem risk based on commodity and geography?</p> <p>2. Does the company <b>disclose adequate information</b> to assess performance (transparency)?</p>	<p>3. <b>What is included</b> in corporate commitments?</p> <p>4. <b>What is the quality</b> of the commitment? (forest only? Legal only? All natural habitats? All or part of operations?)</p>	<p>5a. What management systems and activities are used for <b>risk assessments and other due diligence</b>?</p> <p>5b. What management systems and activities are used to <b>manage suppliers and address non-compliance</b>?</p> <p>5c. How does the company support <b>broader landscape or sectoral sustainability</b>?</p>	<p>6. What management systems and activities are used to <b>monitor and verify compliance</b> of operations and suppliers?</p> <p>7a/b. What <b>proportion of the materials</b> that the company produces, purchases, or uses are in compliance with commitments, and what is the trend in compliance over time?</p> <p>7c. What is the <b>level of traceability</b> in the company's supply chain?</p> <p>7d/e. What are the <b>outcomes</b> of company activities <b>for land use change</b>?</p> <p>7f. What are the <b>outcomes</b> of company activities <b>for conservation and ecosystem protection</b>?</p>
Corresponding expectations for companies (per AFi)	<i>AFi Guidance on Reporting and Disclosure</i>	<i>AFi Core Principles 1-3</i>	<i>AFi Core Principles 4-10</i>	<i>AFi Core Principles 11-12</i>

# Ahold Delhaize policy on soy

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- To offset our company's footprint in soy we have 100% high risk (South American) soy volume embedded in our own brand supply chain certified against an accepted standard
- Acceptable standards are:
  - Roundtable on Responsible Soy (RTRS)
  - ProTerra
  - Or equivalent
- In practice this is done by buying credits
- This policy has not stopped deforestation/conversion

# Ahold Delhaize policy on soy

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- Continue with certifications
  - Moving from credits to mass balance and segregated?
- Engage all supply chain partners
- Support regional approaches
- Cerrado Conservation Mechanism
  - Stemming from the support of the Cerrado Manifesto



# Deforestation affects us all

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# EC communciation 23 July 2019:

## Stepping up EU Action to protect and restore the world's forests

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### Reduce the EU consumption footprint on land

- Create a new Multi-Stakeholder Platform on Deforestation and Forest Degradation to provide a forum of exchange with and among stakeholders;
- Assess standards and certification schemes that promote " deforestation-free" products;
- Assess additional regulatory and non-regulatory measures to minimise EU consumption linked to deforestation

### Work in partnership with producing countries

- Develop national frameworks on sustainable forest management;
- Implement sustainable forest-based value chains and promote sustainable bio-economy;
- Develop incentive mechanisms for small hold farmers to maintain and enhance ecosystems.
- Sustainably increase world forest cover

### Strengthen international cooperation

- Promote trade agreements that include forest conservation provisions
- Encourage trade in agricultural and forest-based products not causing deforestation or forest degradation;
- Increase efforts in key international fora

# EC communciation 23 July 2019:

## Stepping up EU Action to protect and restore the world's forests

### Redirect finance to support more sustainable land-use practices

- Assess mechanisms to boost sustainable finance for forests
- Increase funding to producer countries for conservation and sustainable restoration;
- Explore better company reporting on impacts of activities on deforestation and forest degradation.

### Support better availability and quality of information on forests and supply chains

- Establish an EU Observatory on Deforestation and Forest Degradation to monitor changes in the world's forest cover and give public bodies, consumers and businesses better access to data about supply chains
- Explore strengthened use of the Copernicus satellite system for forest monitoring.

The communication has a more coherent approach to deforestation and forest degradation – proposing actions for the policy, market and finance sector as well as measures in producer and consumer countries. **Now we need to make it work.**

# **EC communciation 23 July 2019:**

## **Stepping up EU Action to protect and restore the world's forests**

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The communication has a coherent approach to deforestation and forest degradation – proposing actions for policy, market and finance sector as well as measures in producer and consumer countries.

### **Now we need to make it work.**

- We need to make measures more precise and provide a clearer timeframe
- If we want to level the playing field for companies, we should discuss about legislation to stop products that come from deforestation and ecosystem conversion

### **Why is the communication important for companies?**

- Companies struggle to implement their commitments- the communication provides a framework for support
- EU countries are already discussing or adopting legislation (Germany, France) – it is better to have a one fits all approach across countries and across commodities
- The Communication will help to achieve commitments made by the EU for 2020
- The Amsterdam Group (D, NL, UK, F, DK, NO, I) is supporting the actions, they also have committed to 100% sustainable palm oil by 2020 and deforestation-free agriculture supply chains by 2020

EU WIDE  
SURVEY



91%

of EU citizens care for  
forests and wildlife

87%

of EU citizens think new  
laws are needed to ensure  
the products sold in EU  
don't contribute to global  
deforestation

91%

of EU citizens agree that  
deforestation is harmful  
to the people and  
wildlife that live in the  
affected areas



All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 21,876 adults. Research was undertaken between 17th - 21st April 2019. The survey was carried out online. The figures have been weighted and are representative of all adults (aged 18+) in each market and an even weighting factor has been applied. The survey was conducted in all European Union Member States except Cyprus, Luxembourg, and Malta.

