Collaborative Soy Initiative

EU Compliant Soy with Impact: Guiding companies through the guidelines

Version 1.1, February 23, 2024

Table of contents

The Collaborative Soy Initiative is a collaborative framework with the vision of 100% conversion-free, sustainable soy production and market uptake, on a global scale. Our mission is to create synergies, inform about actions and add value through activities such as webinars, meta-meetings between soy initiatives and experts, an information hub with documentation, and overall guidance on soy policy to steer on impact. Front-running companies, member associations, sustainability standards and civil society organizations in the soy supply chain join hands in CSIs activities. Building on thorough dialogue between soy initiatives, CSI promotes the use of multiple instruments to tackle the sustainability challenges linked to soy production.

Reference: CSI (2023) EU Compliant Soy with Impact: Guiding companies through the guidelines. The Collaborative Soy Initiative, Version 1.1, 3 December 2023.

- https://thecollaborativesoyinitiative.info

Introduction

By promoting the consumption of 'deforestation-free' products and reducing the EU's trade related impact on global deforestation and forest degradation, the new Regulation on deforestation-free products or EUDR has been created by the European Commission to bring down greenhouse gas emissions and biodiversity loss. The Regulation is part of a broader plan of actions to tackle deforestation and forest degradation first outlined in the 2019 Commission Communication on Stepping up EU Action to Protect and Restore the World's Forests. This commitment was later confirmed by the European Green Deal, the EU Biodiversity Strategy for 2030 and the Farm to Fork Strategy[1].

Soy is one of the seven commodities covered by this European Regulation on Deforestation-free Products (EUDR)[2]. As of 30 December 2024, several soy products imported to, produced in, and exported from the European Union need to be traceable to plot level of production, need to be produced in line with local legal requirements and have a negligible risk to have contributed to deforestation. Annex 1 of EUDR lists all products in scope. For soy, the HS-codes 1201, 1208 10, 1507 and 2304 are included. Traders and operators importing these products to -or exporting them from- the European Union, need to accompany every batch with a Due Diligence statement. This Due Diligence Statement contains all polygons of the plots from where the soy sold is harvested, and declare that there is negligible risk of con compliance with the EUDR.

Building on and referring to the work of many others, this CSI guidance helps companies prepare for the EUDR and other EU legislation, implementing solid policies and procedures to address deforestation, ecosystem conversion and broader sustainability challenges and have genuine impact on the ground.

The Collaborative Soy Initiative (CSI) vision on the topic

Stakeholders in CSI share the goal of 100% conversion-free, sustainable soy production and market uptake, on a global scale. CSI is convinced that a mix of measures is needed to achieve this goal, including supply chain tools and supplier policies, legislation and landscape programs. Mandatory *and* voluntary measures are both needed in tailor-made combinations to achieve scale and impact towards -and with - conversion-free sustainable soy.

The EUDR is not a Superman law diving into the crisis solving all deforestation problems, as is it sometimes viewed, and therefore provokingly portrayed in earlier CSI webinars on the topic. EUDR in the case of soy is – and needs to be- part of a package of many already existing and also new, complementary, measures in producing and consuming countries towards good governance of soy supply chains and landscapes. It can also be seen as an element in a longer process towards food sustainability.

The experience and tools of current voluntary soy sustainability initiatives and robust standards can support and supplement mandatory company due diligence and can have an increased effect if synergies are created among them. In return, strong legal frameworks and their compliance are important for voluntary initiatives to succeed and scale up as otherwise they are not backed sufficiently by a level playing field. The recognition of the value of combining tools is key. The European Commission also has other laws in place or upcoming, such as the Corporate Sustainability Due Diligence Directive (CSDDD), that require due diligence in which this combination of tools will turn out to be key. However, even if the EC has recognized the need for "smart mix of measures", private sector has to lead the way in making that a practical reality.

[1] https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en

[2] Please find the full text here: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115

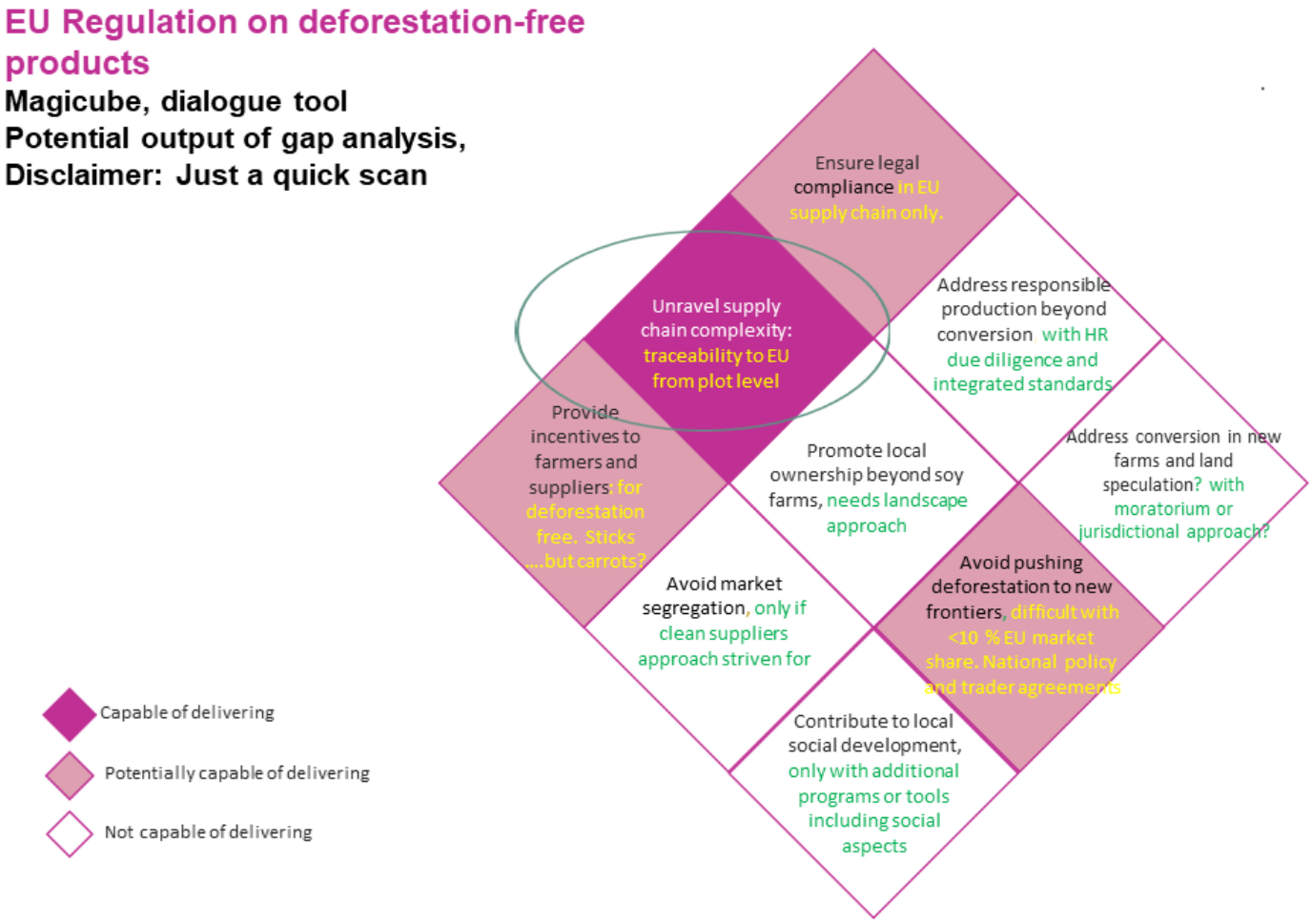


Figure 1: the EUDR can only cover some aspects of what is needed to achieve sustainable land use and forest protection. Remarks are made in italic on what complementary measures would be needed to support impact.

The EUDR can help lead to forest protection, deforestation free soy value chains and production areas, if implemented well. Expectations differ on what leverage effect EUDR can have, for example to effectuate a broader use of national and international traceability and verification systems in producing countries, something which would help avoid market segregation EU/ non EU. The EUDR offers such opportunities, but also entails risks for adverse effects such as abandoning forest frontier areas, difficult landscapes and smaller suppliers. It concentrates on traceability to plot for the EU, potentially leading to separate streams and split markets. This would mean: cleaning EU supply chains rather than focusing on and implementing a broad range of sustainability criteria on the ground.

For CSI it is key that these impact issues are addressed for the Regulation to play a meaningful role for forest and ecosystem protection and sustainable land use. To create positive impact in producing countries EUDR should strengthen local governance and for that it can and should be combined with groundwork done by voluntary initiatives –over the past 20 years.

In our earlier CSI 'Magicube' model[3], six different approaches- developed in the voluntary sphere - were distinguished: robust certification systems, biome specific moratoria, clean supplier approaches, landscape projects, carbon foot printing and multi-stakeholder cooperation. European Union legislation could stimulate the uptake of such measures but also can marginalize them further as their value for the EUDR as such is not formally recognized by the European Commission. It is for instance likely that robust certification - which controls on deforestation and broad aspects of legality of physical commodity volumes to the origin - plays a role in facilitating meeting the due diligence requirements of traders and operators under the EUDR, as a tool for their due diligence and source of information. The same with direct supplier engagement: this is key to arrange for EUDR compliance but also to achieve stronger company- wide deforestation and conversion-free policies. In addition, biome-wide measures such as the Amazon Moratorium and credible landscape initiatives In Cerrado, Chaco will be needed to make a sustainable impact in risk-landscapes. Government to government engagement between EU (Member States) and producing countries is also key for the EUDR to strengthen national land governance.

About this guidance

We also refer to earlier meetings on the topic of EUDR and combining measures that CSI has convened 2022-2023[4] an enabling dialogue between various soy initiatives and experts. This guide seeks to build on these insights and translate the CSI "Magicube" view of multiple solutions into a vision and tangible recommendations within the new EU Regulatory framework.

Connected with and referring to the thought-work of many initiatives, CSI seeks to guide on EUDR implementation as a leverage among other tools to create positive impact on biodiversity conservation –including but beyond forests and land use change- as well as human rights and social concerns.

In order to do that, the Regulation should not be viewed in isolation by any actor. We collectively need to embrace a broader view on forest and ecosystem protection and sustainable land use while implementing the EUDR. This guidance provides key recommendations for business leaders who seek to comply with EUDR, with upcoming European Union rules and steer on impact -rather than just ticking boxes in the paperwork for Competent Authorities. We realize this is much easier said than done; that is why CSI tries to lend a hand.

Notification: This guide is a living document that will be updated later, since not all details of the EUDR are all sorted out yet. Most advice in this guide can be implemented irrespective of those details and helps companies to be prepared.

[3] CSI & Proforest (2021), Multiple routes to responsible sourcing, https://thecollaborativesoyinitiative.info/storage/files/csi-and-proforest-2021the-multiple-routes-to-sustainable-sourcing-nov-18-20211.pdf

[4] See all public events done so far: https://thecollaborativesoyinitiative.info/what-we-do/upcoming-and-past-events/past

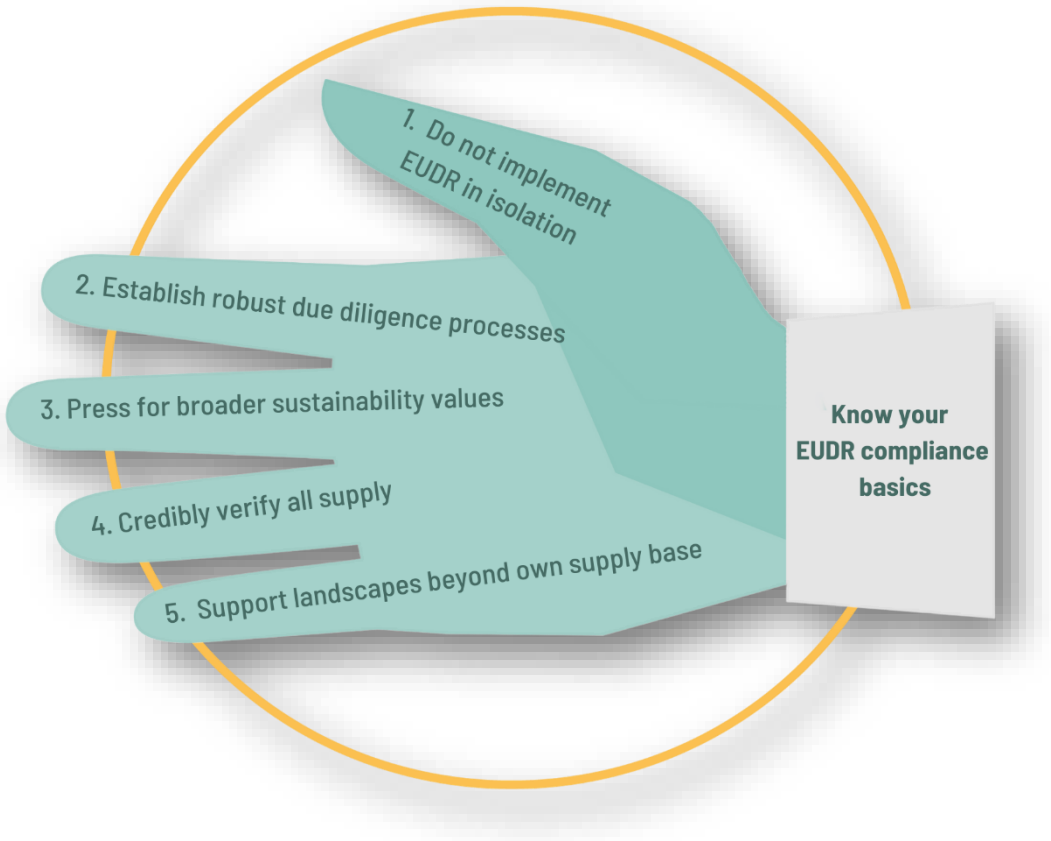


Figure 2. CSI giving a hand(s) on EUDR compliance with impact

Summary of tips for compliance with impact:

- Know your EUDR compliance basics and prepare as soon as possible. When products produced after the day the EUDR entered into force (29 June 2023) enter the market after 30 December 2024 they need to be accompanied with proof of no-deforestation in line with EUDR requirements. Especially for products that can be stored for a while this will become a factor.
- Implement solid due diligence structures for compliance with EUDR and for upcoming Due Diligence legislation (EU CSDDD) and other legislation. The EUDR should not be viewed in splendid isolation.
- Other wooded lands will most probably be included as well. Don't wait for the Commission to include these and other ecosystems, work towards no conversion of natural ecosystems such as in the Cerrado and Gran Chaco from the start.
- Recognize existing cut-off dates and don't stimulate supply chain partners to let go of them and relax them to 31 December 2020. Build strong relations with suppliers to address this and forthcoming challenges in the supply chain.

- For the topics mentioned above you can invest in sustainable soy production via certification and landscape approaches and their combinations. EUDR compliance is the minimum, sustainability requires more in supply chains and in sourcing areas: including sustainable agricultural practices and targeted conservation and nature restoration support.

Know your EUDR compliance basics

The EUDR was published on 9 June 2023 in the Official Journal of the European Union. There are links to the full texts available in English, Spanish and Portuguese.[5]

As of 30 December 2024, all products defined in EUDR (Annex 1) need to be backed by a Due Diligence statement guaranteeing no deforestation and legal compliance[6]. This Due Diligence statement has to be entered into an IT system of the European Commission by the trader/operator for the shipment for imports (customs procedure 'release for free circulation') and exports (customs procedure 'export') and the consignment for transactions within the Union market.

For soy this knowing your EUDR compliance basics means in practice:

- Annex 1 of the EUDR is key. The soy products as defined under HS-codes 1201, 1208 10, 1507 and 2304 shall not be placed or made available on the EU market or exported, unless all the following conditions are fulfilled: it is traceable to plot, is deforestation-free, it has been produced in accordance with the relevant legislation of the country of production and is covered by a due diligence statement.
- Products produced after 29 June 2023 that are brought onto the market after 30 December 2024 need to comply, which needs to be detailed further by the commission.
- In the due diligence statement the operator confirms that thorough due diligence was carried out and that no, or only a negligible, risk was found that the relevant products are not deforestation-free and produced and not in accordance with relevant legislation.
    - The cut-off date for deforestation is 31 December 2020.
    - Important, as so far often overlooked: applicable laws referred to by EUDR text include
        - land use rights,
        - environmental protection,
        - forest-related rules,
        - third parties' rights,
        - labor rights,
        - human rights protected under international law,
        - the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples,
        - tax, anti-corruption, trade and customs regulations.
    - Note that according to article 9, operators need to collect information, documents and data which demonstrate "adequately conclusive and verifiable information" for both deforestation free and legal compliance.

[5] https://thecollaborativesoyinitiative.info/storage/files/st-16298-2022-init-en.pdf
https://thecollaborativesoyinitiative.info/storage/files/spaanse-versie-wetstekst-pe-82-2022-init-es.pdf
https://thecollaborativesoyinitiative.info/storage/files/portuguese-version-eudr-celex-32023r1115-pt-txt.pdf

[6] There is a FAQ by the Commission services that helps clarify a couple of concepts. The first (June 2023) FAQ is available here: https://environment.ec.europa.eu/system/files/2023-06/FAQ%20-%20Deforestation%20Regulation_1.pdf

- In each batch and hence due diligence statement, the polygons of the perimeters of all production plots on which the soy was produced, need to be present (and one GPS code in case of a plot of less than 4 ha).
- All soy in the physical supply chain needs to be EUDR compliant and cannot be mixed in any stage with soy that is not produced in line with the EUDR requirements.
- All due diligence statements need to be uploaded in the Information System of the European Commission. Once the due diligence file of a batch is uploaded in the Information System it receives a unique Due Diligence Reference Number.
- This Due Diligence reference number may be transmitted to the next company in the supply chain, for example the feed or tofu manufacturer. All those trading or processing soy products with the HS codes 1201, 1208 10, 1507 and 2304 further downstream need to know the Due Diligence reference numbers.
- Large operators further down the supply chain may refer to due diligence performed earlier in the supply chain by including the relevant reference number. However, they are still obliged to ascertain that due diligence was carried out and they retain legal responsibility in the event of a breach of the Regulation.
- The due diligence obligation ends as soon the products are turned into a product that is not on Annex 1 anymore. For instance (according to our best knowledge to date), companies buying soy protein concentrate (HS 2106 10) do not have to prove compliance to the EUDR, nor companies buying pork or chicken that was fed with soy.

Although not explicitly requiring physical segregation, it may require segregated supply chains, as *for each batch* all polygons of origin must be known. This would require many stringent logistical changes compared to the current situation in the soy supply chain, unless all potential sources become verified DCF and legally compliant for example through a unified MRV system or another similar assurance mechanism. Good assurance and verification systems are crucial, and they are among the core competences of robust certification[7].

At the moment, different member associations join forces to identify the unclarified issues in the Regulation.

A couple of remaining questions for example are:

- What kind of documents need to service as proof of legality (article 9h)
- How is 'plot' defined in practice, if it needs to be "homogeneous in nature"?
- As far as we've understood it is possible to upload all polygons that could *potentially* be in a batch, to allow for a large silo to deliver to different destinations, but what exactly makes a batch that needs a separate Due Diligence statement?
- Will aggregated country approaches in producing countries be accepted by competent authorities as -part of the -proof, such as the upcoming ViSeC traceability system in Argentina?

The answers to these questions will influence to some extent the type of solutions companies can implement. What written proofs the EU member state Competent Authorities -who should do sample checks on compliance – expect exactly, is not known yet and urgent as the sector should prepare to be ready before the deadline: 30 December 2024. A shared digital space should be sought

[7] ISEAL provides quality criteria for standard systems. https://www.isealalliance.org/defining-credible-practice/iseal-codes-good-practice

for key information on what written proof is needed, as it is key information for any producer, standard, trader/operator or downstream company.

One of the main concerns on the short term is how the harvests of 2024 will be included in the EUDR system. We will keep you posted on developments in next versions of this guidance.

In general however we can speak out here on what needs to be done, and we would recommend to try to avoid double or triple paper work and all inventing the same wheel; rather address your sustainability goals by combining a number of practical tools.

Three types of platforms participating in CSI dialogues that help members with EUDR compliance:

Grains, oils and feed

Member associations FEFAC (feed manufactures), FEDIOL (oils and fats sector), COCERAL (grain traders) reach out to their members on the finer technical details of the EUDR compliance needs. https://www.fediol.eu/, https://fefac.eu/ and http://www.coceral.com/. They again are in touch with producing country trade associations such as ABIOVE in Brazil. https://abiove.org.br/ or the ViSeC initiative in Argentina, bringing together soy supply chain actors https://www.visec.com.ar/en/

Food & retail

Retailers and food manufacturers can join an initiative that helps implement commitments, for instance in the area of eliminating deforestation and land conversion.

A useful source is the Retail Soy Group and their DCF Principles https://www.retailsoygroup.org/wp-content/uploads/2021/10/Deforestation-free-principles_final.pdf

The Forest Positive Coalition provides consumer goods companies with tools to establish sustainable soy. This Roadmap is not focused on EUDR and does not require full source verification but can help guide downstream companies in their sustainability ambitions. https://www.theconsumergoodsforum.com/environmental-sustainability/forest-positive/

Multi-stakeholder National Soya Initiatives

You can also make use of a multi-stakeholder National Soya Initiative in your country to discuss and learn about complying with relevant legislation whilst also implementing a more comprehensive sustainability strategy. The Secretariat of ENSI, an active collaborator within CSI in Europe, convenes various European national soy and deforestation risk platforms on a monthly basis and can provide the details of the respective national platform coordinators. https://www.ensi-platform.org/

Multi-stakeholder certification standards (cero deforestation cero conversion)
Self-evidently the soy multi-stakeholder standards such as RTRS[8], Donau Soja and ProTerra provide information on EUDR compliance.

[8] RTRS is a global multistakeholder platform on soy promoting the growth of production, trade, and use of responsible soy. ProTerra and Donau Soja also have platform functions for their members, promoting non GM sustainable soy.

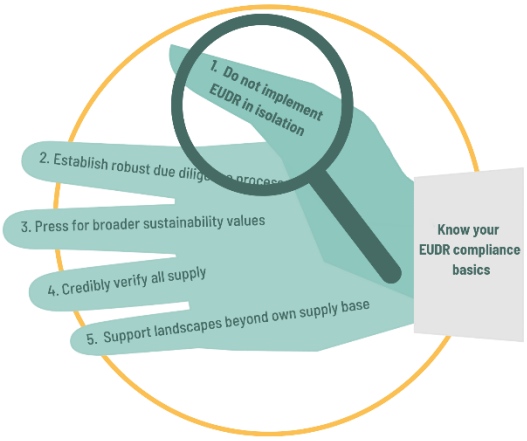
Many tools can help monitor deforestation and conversion e.g. by satellite monitoring and registration by government. On legality, which is the most complex topic to control, ground control might be needed, and robust standards and their field auditors can most likely play a useful role[9].

Last basic requirement for EUDR compliance, and certainly not least, it is a basic EUDR requirement for traders/operators to have a proper due diligence policy overall. We will go into that and more in the recommendations below.

Photo: by Julio César García via pixabay

[9] A practical tool we have seen is made by Preferred for Nature, translating all legality topics mentioned in the EUDR into auditable, certifiable indicators under their Sustainability Framework.

1. Rule of thumb: to be future proof, do not implement EUDR in isolation



This is key not only for reasons of impact, but also for practical company policy development. The EUDR will probably be expanded to "other wooded lands" (think Cerrado), and possibly to other ecosystems (think wetlands, peatlands, high biodiversity grasslands). Also new HS codes of products may be added. Furthermore EUDR it is not a stand-alone piece of EU legislation.

So companies that successfully prepare for the EUDR already anticipate upcoming developments. The EUDR must be seen in a broader legislative context where also the Corporate Sustainability Due Diligence Directive (CSDDD)[10], the Forced Labour Regulation (forthcoming)[11] and the Corporate Sustainability Reporting Directive (CSRD)[12], amongst others, are to be implemented. They form part of the EU Green Deal ambition to become climate neutral by 2050 (and probably sooner). The new regulations and directives require companies to know their supply chains, assess their (material) impact on people and the environment, implement procedures to mitigate adverse social and environmental impacts and provide access to remedy.

More and more retailers and industry agreements go far beyond mere EUDR compliance and have committed to conversion-free and sustainably certified soy. Financial institutions are also increasingly demanding serious policies in the areas of climate, biodiversity, human and Indigenous Peoples' rights. In the light of international conventions on climate change and biodiversity protection, business as usual will drastically change. This also applies to companies in the soy sector. Companies should therefore not focus on implementing the current EUDR in splendid isolation.

Practical tips:

- Inform and educate your internal organization and supply chain partners about the EUDR as soon as possible. The law has entered into force since the publication of the legal text 29 June 2023 and all products entering or leaving the European Union market from 30 December 2024 onwards need to comply. This is irrespective of the production date. That means that products that are produced today but imported or exported after 30 December 2024 need to comply.
- Connect to your member association to hear about the latest insights about practical EUDR implementation. For example, FEDIOL, FEFAC and COCERAL are working on a technical support guide on the EUDR basics in 2024. In many countries member associations are the first contact point for the national government and the competent authorities that have to control compliance.

[10] European Commission (2022), https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en

[11] European Commission (2022), https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5415

[12] European Commission (2023), https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

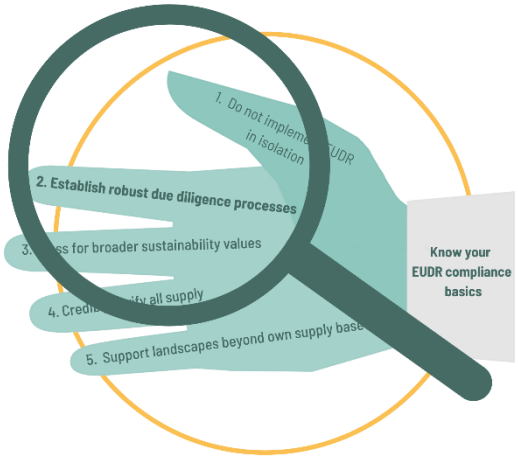
- While setting-up an internal information collection system, realize that EUDR will likely be expanded towards more ecosystems, starting with other wooded land. Anticipate these developments by already including sources of information that report about other ecosystems as well. For instance MapBiomas Chaco and TerraBrasilis Cerrado show conversion of two biomes/ ecosystems that are not yet (fully) covered by the EUDR but are very important in the non-conversion commitments of companies. Also, in these places, most reliable mappings detect land use changes precisely, but do not fully separate forests from the other natural ecosystems, as these are intricately mixed and in progressive transitions among one another.
- As trader/operator putting soy products with a code as in annex 1 on the EU market you are the first responsible for EUDR compliance and will have to issue a due diligence statement. Further downstream you have to know the Due Diligence reference numbers of the batches you have been receiving products from such as soy meal or beans to make feed).
- Start a conversation with your suppliers about the need for traceability, sustainable production practices and human rights in supply chains and producing landscapes. Be clear what you exactly require from them and why, and get clear what they need from you in return.

Extra reflections
As it always comes up as an issue: companies can educate and involve customers downstream about minimal sustainability requirements and cost-sharing approaches for them to buy sustainable products. Nothing can sustain itself for free and this should be understood better along the value chain until final consumer levels. Reflecting on future proof business from a broader perspective is key, too. Soy is an amazingly efficient protein feed for livestock so replacing it can be inefficient. However, maybe innovative protein such as insects or more circular solutions such as protein from rest streams are available as well for the protein mix. Furthermore certain soy varieties are very suitable for direct human consumption, which can add more economic value to producers, processors and retailers, whilst lowering the environmental impact linked to producing animal based protein. If sustainably produced, self-evidently.

We refer to the Accountability Framework for guidance here[13], with the addition that CSI promotes sustainability compliance beyond deforestation and conversion and human rights, and promotes companies to engage in risk/biodiverse landscapes, (possibly) beyond their own company sourcing areas (see recommendation 5).

[13] https://accountability-framework.org/use-the-accountability-framework/core-principles/

2. Laying your finger on the weak spots: implement solid due diligence processes for all sustainability topics and commodities



Article 8, 9, 10, 11, 12 and 13 of the EUDR require companies to execute a due diligence process to make the risk of deforestation and non-legal compliance negligible (although no max percentage is given by EUDR). The forthcoming broader due diligence legislation EU CSDDD will require companies to implement the six due diligence steps (see figure 1) as introduced by the OECD[14]. Companies are suggested to strongly embed the six steps in their internal procedures as soon as possible, including but beyond soy alone.

Practical tips:

- There is good guidance available on the six due diligence steps as depicted in figure 1. See for instance the UN Guiding Principles for Responsible Business Conduct[15] and the OECD-FAO joint work[16] on due diligence in the agrifood sector and for eliminating deforestation[17]. Almost all countries have a National Contact Point for the OECD Guidelines[18], don't hesitate to reach out for advice.
- Step 1 is about embedding due diligence in your company's (sustainability) policy. It is important that there is a clear commitment of the top management to implementing these 6 steps and addressing sustainability challenges in a meaningful manner.
- Harmonized definitions can help give shape to commitments and policies to avoid conversion and human rights infringements. Civil society organizations and knowledge institutions have worked hard to introduce aligned definitions, target setting frameworks and procedures. Examples are:
    - Accountability Framework Initiative (AFi)[19], that supports companies with clear definitions, guidance and best practices towards truly sustainable and ethical supply chains.
    - Science Based Targets Initiative (SBTI)[20], which helps companies set science-based targets for avoiding deforestation and land conversion.
    - Science Based Targets Network (SBTN)[21], which helps companies set science-based targets for land use, nature and water – amongst others.

[14] https://www.oecdguidelines.nl/oecd-guidelines/due-diligence
[15] https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf
[16] http://mneguidelines.oecd.org/oecd-fao-guidance-responsible-agricultural-supply-chains.htm
[17] https://www.oecd-ilibrary.org/docserver/c0d4bca7-en.pdf?expires=1691593524&id=id&accname=guest&checksum=15B6A90C540F807F87F1E70EA12150DD
[18] https://mneguidelines.oecd.org//ncps/ gives all OECD contact points.
[19] https://accountability-framework.org/
[20] https://sciencebasedtargets.org/
[21] https://sciencebasedtargetsnetwork.org/

- Global Reporting Initiative (GRI)[22] is one of the initiatives to streamline sustainability reporting by companies.

These initiatives have helped to make commitments measurable, comparable and smart.

- Step 2 is about mapping supply chains and understanding the risks of human rights violations and environmental damage. There is a lot of publicly available information out there that can be used in the risk-assessment, think about global indicators on topics like corruption or legal compliance, NGO reports, satellite monitoring systems and sector-based risk information.
- Robust sustainability standards, when applied to physical volumes, are also an important supplier of trustworthy information that is embedded in the local context and, even more specifically, third-party verified. Specifically for soy, the latest Profundo benchmark[23] gives an overview of the soy standards that address deforestation, conversion and broader sustainability challenge in a rigorous manner. Although robust standards may play an important role in due diligence, it does not mean companies should not also proactively monitor all their supply chains, address risks and engage with suppliers and affected stakeholders.
- Step 3 is about addressing the sustainability risks in the supply chain. Although in the due diligence cycle a prioritization based on likelihood and severity is suggested, in soy there are many solutions out there that address different risks at once. Such as sector-wide monitoring and verification, robust sustainability standards and landscape approaches.
- Step 4 is about monitoring progress, both on the internal policies and on the actual impact on the identified risks.
- Step 5 is about communication about sustainability impact. Increasingly companies are required to transparently report about their impacts and actions to reduce these impacts. The CSRD in the European Union helps companies prepare a sustainability report that is transparent and allows for comparisons between the years and between similar organizations.
- Step 6 is about access to remedy. This allows workers, affected communities and other stakeholders to get in touch, express their concerns and request remedy if they are victimized by actions of the company.
- Implementing these six steps will help with EUDR but also with other regulations to come, because your company has implemented the right procedures and involved the right people internally to take on new legal or customer requirements in the supply chain.

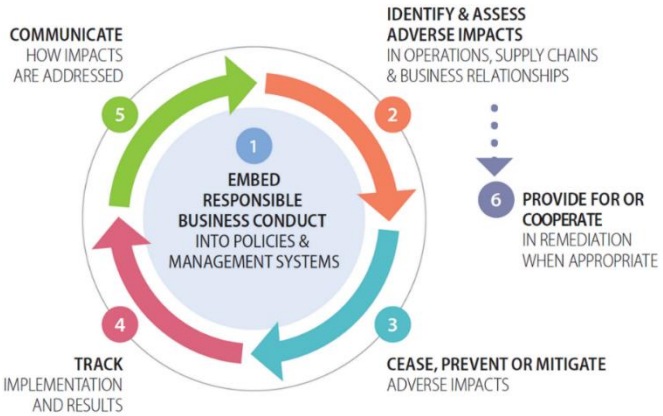
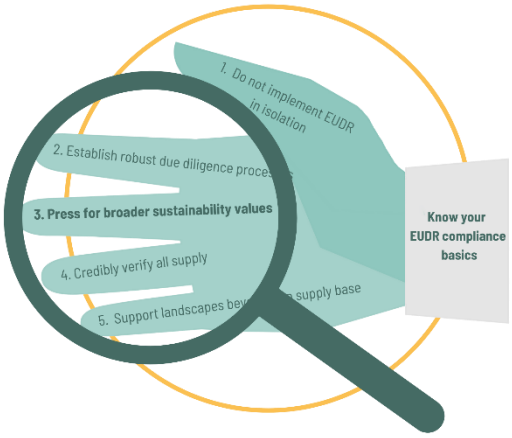


Figure 3: the six steps of the due diligence cycle

[22] https://www.globalreporting.org/

[23] https://www.iucn.nl/en/publication/benchmark-report-deforestation-and-conversion-free-soy-in-europe/#:~:text=The%20report%20'Setting%20a%20new,support%20responsible%20soy%20production%20instead.

3. Pressing for full sustainability: choose for sustainably physically certified soy to assure-and mix into- EUDR compliant soy supply



Within this framework certification or other third party verified schemes may be used in the risk assessment procedure. They should not substitute the operator's responsibility regarding due diligence and are not recognized under the EUDR as a green lane for companies to comply with their upcoming mandatory Due Diligence requirements, EUDR could offer an opportunity for scaling robust physical certification, although it can also mean a set-back as the criteria of EUDR are less demanding than most soy sustainability standards. In many European countries however there is a national multi-stakeholder initiative for sustainable soy, joining forces under the flag of ENSI[24]. All these initiatives have adopted a more ambitious and more holistic visions for soy sustainability beyond legal and deforestation-free production. Sustainable soy is not only deforestation-free but also free of conversion of other ecosystems, produced according to best agricultural practices, including for example responsible chemicals management, whilst fully respecting human rights. Additionally, many voluntary certification schemes include conversion under their indicators of mandatory compliance, this means they are zero deforestation and zero conversion, and have more ambitious cut-off dates compared to the EUDR (ProTerra, RTRS, amongst others).

Your company can show added value and in the meantime be prepared for broader market and legal requirements such as the US forest Act and the broader EU legislative context by applying sustainability and DCF criteria in all your operations, independent from any specific market, and using robust physical certification as tool in your due diligence toolbox.

CSI acknowledges that it is not easy now to organize a EUDR compliant soy stream, but explicitly sends the message that ambitions for soy sustainability should be scaled rather than lowered.

In 2005 already, by NGOs in dialogue with companies, the groundwork for soy certification was laid, resulting in ProTerra, RTRS and standards such as Donau Soja, which have been improving step by step over the years. Many soy buyers in the European Union –especially in Northwestern member states- since then have committed to integrated sustainability according to the extensive environmental and social criteria of such standards. The last European Soy Monitor of 2021 indicated that 40 % of European soy use was covered by a sustainability standard recognized by the European feed manufactures association FEFAC (IDH et al 2023) (both in the form of segregation, Mass Balance or Credits Supporting Responsible Soy Production). This is significant, even if these standards strongly differ in quality of criteria and control requirements. Because of FEFACs developments, and through societal pressure, most of the soy standards recognized by FEFAC by 2023 have conversion free production among their requirements. What is more, *de facto* robust standards form the majority of currently EU certified sourcing[25].

[24] https://ensi-platform.org/

[25] Profundo benchmarks: Setting the (new) bar for deforestation free soy 2019 https://www.profundo.nl/download/iucn1906) and 2023 (https://www.iucn.nl/app/uploads/2023/08/Setting-a-new-Bar-

This does not mean that large portions of certified Latin American soy were segregated for European ports; a significant proportion of the European soy footprint has been covered by credit buying or Mass Balance models.

The 40 % certified soy *does* mean however that European business has been supporting responsible soy production in individual farms from a broader perspective than what the EUDR currently requires, rewarding farmers to some extent for applying good agricultural practices and responsible management. Often this certification process by ProTerra and RTRS and others, with a considerable uptake also in critical biomes, has led to better management of farms, in terms of legal compliance, labor conditions, chemicals handling -very important for biodiversity in soy as well-- or other good agricultural practices. The impacts of these approaches on the ground are however limited to individual farms sofar and could not halt the overall soy-related deforestation/conversion rates in South America, that continued to grow steadily.

Robust standards however do have protocols to carry out on-the-ground quality control on legality and deforestation and conversion free production. How can these values and such tools be "clicked in" the new EU mandatory due diligence setting in a useful and acceptable way?

The EUDR will *certainly* add significant value by pushing for traceability something which has been hard to achieve in the sector -in part for commercial reasons of competition among traders. Traceability can also improve compliance on other topics than deforestation and conversion. It may certainly serve to effectively curb soy-related deforestation and conversion, through identification and possible exclusion of non-compliant farms, in any case to Europe but it is not necessarily leading to improvement on the ground towards sustainable production. For this it would be important to go for DCF sustainable soy in all markets by having a consistent company policy (see next paragraph).

Self-evidently, robust control is more key than ever due to the mandatory character of EUDR requirements and the fines that can be attached to non-compliance. Robust standards already have deforestation and conversion-free production but also legality covered in their criteria and can control on most- if not all -of the criteria required by EUDR. Credible soy standards have contacts with farmers, have auditing procedures, have stakeholder involvement in the production regions, and have the administrative and physical infrastructure in place to guarantee that no deforestation nor conversion took place after a certain cut-off date (often already way before 2020 (e.g. Donau Soja and Europe Soya use 2008, ProTerra and RTRS 2009). This, in addition to guaranteeing overall legality and sustainable production practices. The EUDR may have certain requirements that current soy standards have to adapt to, which may include full traceability to plot, possibly newly required documentation to show certain aspects of legal compliance, or the storage of such data for 5 years. Some standards have been, or are currently, adapting some criteria or details of their control systems in order to deliver EUDR compliant, responsible and sustainable soy. They seek to be ready before the phase of EUDR implementation as of end 2024.

Summary of benefits of robust certification[26]

- Proof of legality and no-deforestation and conversion of soy production.
- Guarantee that agriculture production at plot level meets integrated sustainability requirements according to the standard at stake.
- Effectuating improvements in farming or administrative practices in the process towards certification.

for-Conversion-free-Soy-in-Europe_August-2023.pdf) combined with European Soy Monitor of 2021 (IDH et al 2023): https://www.idhsustainabletrade.com/publication/european-soy-monitor-2021/

[26] See among others: https://www.proterrafoundation.org/wp-content/uploads/2021/07/The-role-of-ProTerra-certification-in-a-sustainable-soy-strategy-ok.pdf

- Security that farmers and companies in the value chain are audited by accredited independent third-parties.
- Presence of documented proof of responsible practices and information needed for traceability.
- (Most often) payment of premiums / incentives to farmers who implement responsible production practices.

As an example, for the European market, Donau Soja offers deforestation- and conversion-free soy with a cut-off date of 2008, compliance with national legislation and traceability to plot with geolocation data, for 2/3 of the certified soya volumes (especially from Ukraine) to be automatically included in the traceability certificates from the 2023 harvest onwards. ProTerra, beside its full-fledged non GM standard with a cutoff date of 2008, has developed an MRV-standard[27] among others to support the preparation towards EUDR compliance. Together with Norwegian and Brazilian companies, and CSOs, they have given an early example with three producers in Brazil, sourcing fully conversion-free (GMO and non GMO) soy, which was independently verified. RTRS already offers deforestation & conversion free soy with cutoff date of 2009 & 2016, as well as compliance with national legislation and respect for human rights and indigenous people.

Because of current standard developments, but also due to questions not yet solved in the EU requirements, the recent Profundo soy standard benchmark (2023[28]) plans to come up with an update on probable EUDR readiness of soy sustainability standards in 2024. Also others such as the German QS Scheme will certainly keep track of developments towards EUDR compliance of the Chain of Custody certification standards they benchmark and allow from 2024/2025 onwards.

On many criteria standards require more than EUDR. Therefore CSI proposes a model in which fully physically certified sustainable and EUDR compliant soy is promoted, or is mixed with (verified) EUDR compliant soy in the supply chain (for example from Brazil or Argentina). In that way, *all* soy meets the EUDR requirements and a portion of the soy in the mix also meets broader sustainability requirements. The percentage of sustainably certified soy in this mix should then increase over time.

At the same time, complementary systems of incentives can be added to the “mixing” approach. The credit system is a system of incentives that allows direct support to specific producers and/or regions, and that is how it has been an accelerator of responsible produced physical sustainable soy. Then, supporting (certified) responsible production by means of credit adoption can also be an important element among others, such as ecosystem restoration and training. We will come back to that under paragraph 5 where we also give some tangible examples of landscape programs to support.

If may however be that companies search risk averse strategies, e.g. by sourcing from areas already deforested long ago, and showing little other sustainability risks. However in so-called low-risk areas there may be human-rights violations or legal compliance risks, as well as species extinction risks that need thorough monitoring and can be independently verified by robust certification schemes. Their policy impact for climate and biodiversity can also be enhanced by connecting to programs in (conversion, otherwise environmental or social) risk landscapes.

What is also important is that most robust soy standards, but also certain national legislations (think Paraguayan and Brazilian Atlantic Forest, Amazon) have *much* earlier cut-off dates for deforestation

[27] https://www.proterrafoundation.org/news/launch-of-proterra-mrv-standard-v1-0/

[28] See footnote 23.

and conversion than what the EUDR requires. Leaving this early cut-off date and other sustainability commitments aside would be a great loss and not fair to farmers and suppliers who have made major efforts to comply with these requirements over the past decade. Yet, we all should acknowledge that we must make scale and fast in nature protection, combining such commitments with full EUDR and DCF legal production.

Practical tips to summarize the above:

- Choose for robust physical certification as one of the instruments to prove no deforestation and legal compliance, but also to support sustainable practices at the farm and supply chain level. Robust sustainability standards for soy, such as ISEAL standards[29] or the standards identified as best in class in the last Profundo benchmark[30] (based on the FEFAC SSG[31]), have vast experience in certifying practices at farm level and providing trustworthy assurance of these practices. Some are adapting to EUDR details still, and an update of "readiness" of standards is anticipated in 2024.
- EUDR compliant soy needs to be kept segregated from non-EUDR compliant soy. This is a challenge given the current logistics of the soy supply chain in Latin America. However, this logistic challenge can be reduced significantly if all soy sources are verified DCF and made compliant with the EUDR, and the non-compliant sources are detected at an early stage.
- It is also possible to contribute to sustainable production by mixing physically certified soy in the fully EUDR compliant soy supply. Furthermore, on top of fully EUDR compliant physical streams, a company could support responsible production by credit buying, for example from smallholders or farmers in high-risk regions to promote a broader sustainability agenda (see under nr 5).
- Don't water down earlier commitments to sustainable soy. Continue to invest in farmers that produce in a sustainable manner and respect initiatives with an earlier cut-off date. The EUDR is not referring to existing cut-off dates such as the one of the Amazon Moratorium[32] – but businesses can do so for sure.
- If it is in your company's power, work together with local actors to implement non-conversion after a cut-off date of 2020 for *all soy and other supply chains*, also for as far as not destined to Europe. A powerful example of a coalition of actors that has done this, is the salmon supply chain[33]. Three Brazilian traders adopt a non-conversion approach with a cut-off date of 2020 for all soy they sell, no matter what the final destination is. We will dive further into that approach in the next paragraph.

CSI is convinced that robust soy certification standards can play a very useful role in organizing EUDR compliant physical streams and in promoting and controlling sustainable soy. The percentages of certified soy in your physical stream can increase over time, especially in the case of Latin America where the amount of certified soy still must grow, but also in Europe.

[29] https://www.isealalliance.org/

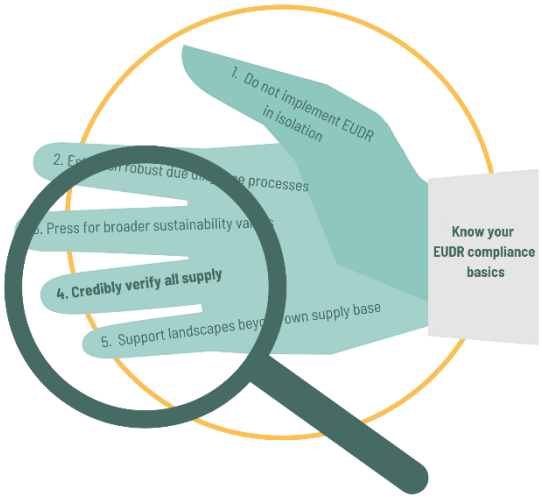
[30] https://www.iucn.nl/app/uploads/2023/08/Setting-a-new-Bar-for-Conversion-free-Soy-in-Europe_August-2023.pdf

[31] https://fefac.eu/wp-content/uploads/2023/07/Web_FEFAC-SSGuidelines_2023Final.pdf

[32] https://forestsolutions.panda.org/case-studies/brazils-amazon-soy-moratorium

[33] https://www.proterrafoundation.org/news/soy-vendors-to-the-salmon-industry-end-trade-of-deforestation-linked-soy-in-brazil/

4. As the devil is in the detail; use credible traceability, DCF and legality verification mechanisms for your entire business



For the part of the soy that cannot (yet) be certified, companies should make use of credible traceability and verification mechanisms to prove at least no deforestation and legal compliance, in order to comply with the EUDR, and we strongly recommend to already anticipate on no-conversion, for practical and ecological reasons (protection of Cerrado, Pampa, Chaco, Pantanal).

Creating leverage

To have real impact beyond the (say 10-20 %) supply that goes to EU, anticipate near future requirements from other key markets (UK, US, China) and to simplify their logistics, companies should apply DCF legal supply for their entire business, this means also for the supply that goes to other- possibly currently less demanding - markets.

Expectations may differ in that sense on what leverage role EUDR can play for good land governance in producing countries. For example, traders in Argentina prepare for a traceability mechanism of deforestation free soy and beef by the newly developed ViSeC platform, recently validated by the Argentine government[34]. It is at this moment unclear to what extent such aggregated approaches are accepted by EU to prove compliance with EUDR but it would be good if such broadly applicable national efforts were supported. This, if needed combined with other tools to check on specific aspects of legality and additional sustainability concerns, also on the ground. If ViSeC + robust control on legal compliance are also applied to *other* markets, this would help avoid market segregation EU vs non-EU. Argentina is already used to delivering soy as biofuels according to different market demands, including EU and US, but the total physical segregation model is potentially avoidable this way.

In Brazil, the CAR (land) registration and especially its validation by government must be speeded up for traders to be able to prove compliance with the national Forest Code as a requisite for EUDR. The Brazilian government is preparing a universal MRV system for all commodities and territory, on the base of CAR, PRODES and other public data base. Will the EUDR help them speed this up or will even fully legally compliant producers remain unable to prove their righteous use of their rural property?[35]

These “leverage” impacts of EUDR are yet unknown and depend on many factors and actors. Your company can *help* support the leverage role of EUDR. For example by helping traceability and control on legal compliance in Argentina to *any* market, or by supporting an independently verified National MRV system or company designed DCF verification used for all markets. In addition, in cooperation

[34] https://www.visec.com.ar/en/

[35] See recent study of TRASE and ICV on EUDR readiness on the aspect of Forest Code compliance in Brazil. https://resources.trase.earth/documents/Briefings/soy-and-legal-compliance-in-brazil-report.pdf

programmes with local government enhanced, faster CAR validation in Brazil can be promoted. This all could serve any market (see paragraph 5), and thus have a broader positive impact on local and national land governance.

The next section provides information on assessing the risk of deforestation and on demonstrating a negligible risk of violation of laws in the producing countries. The last section addresses the guidance offered by the Accountability Framework initiative on ethical and clean supply chains and clarifies what CSI seeks to promote.

Control on deforestation- and conversion-free production

- The due diligence statement that needs to be uploaded must include all the polygons of all plots on which the soy in the particular batch placed on the EU market was produced. This is full traceability, it means that it is known where all soy in the physical supply chain was produced.
- Proving that no-deforestation took place on all these plots after 31 December 2020, or that the risk of deforestation is very low, can be done in different manners. Some give a rough indication where others provide solid, third-party verified proof.
- A tool that cannot be left unmentioned when talking about traceability and chains of custody, is the ISO standard on this matter. Companies and initiatives working towards EUDR compliance in the supply chain, or on sustainable supply chain solutions that go beyond legal compliance alone, can benefit from the work as captured in ISO standard number 22095: 2020 on chain of custody. The fact that this ISO standard introduces a harmonized terminology is a big advantage. In addition, it includes general requirements for different chain of custody models and provides a generic approach to the design, implementation, and management of chains of custody. Sustainability standards can use the norm to sharpen their chain of custody approach.

- As said earlier, we expect that "other wooded lands' and possibly also other ecosystems will be included in the scope of the EUDR within a few years, so it is wise to have checks done on broader ecosystem conversion in the same effort. Already including other wooded lands in Cerrado and Chaco has also a pragmatic aspect. From satellite images it is not always easy to distinguish forest from savannah in Cerrado or between Chaco forest and more shrub like Chaco vegetation, as these zones slowly change from one area to the other. And last but not least: the need to include these biomes is clear for the biodiversity and climate goals in your broader due diligence agenda.
- Free publicly available information such as offered by Trase[36], Global Forest Watch[37], MapBiomas Chaco[38], MapBiomas Brazil[39] (and specifically MapBiomas Amazonia[40]) and TerraBrasilis[41] can provide insight into historical deforestation, other land ecosystem conversion and forest fires. They can be supportive knowledge tools for your due diligence. Most of these tools allow for a selection of a time frame and hence can provide an insight into the regions where conversion and deforestation took place after 31 December 2020. Also the European Commission has recently launched its European Forest Observatory[42]

[36] https://www.trase.earth/
[37] https://www.globalforestwatch.org/
[38] https://chaco.mapbiomas.org/
[39] https://brasil.mapbiomas.org/en/
[40] https://amazonia.mapbiomas.org/en
[41] http://terrabrasilis.dpi.inpe.br/en/home-page/
[42] https://forest-observatory.ec.europa.eu/forest

which can be used as an indication in the due diligence, even if further information will often have to be obtained. In our Summer/Fall 2024 update of this guidance, we aim to provide a list of potential support tools. It is impossible to benchmark all on their credibility; it is up to business themselves to judge whether these are fit for their purposes.

MapBiomas
MapBiomas is a collaboration between NGOs, universities and technology startups that use science to monitor transformations of land use in various territories. The initiative makes information about deforestation, land conversion, forest fires and surface water availability accessible to a broad public. The initiative started in Brazil but has since then expanded to other countries and biomes, such as the Gran Chaco and Pampa and therefore is useful for Argentina and Paraguay as well. Mapbiomas also recently started in Indonesia. The different versions of MapBiomas can be a great tool in the risk-assessment for the EUDR.

- In addition to these publicly available tools, there are many companies specialized in using remote sensing technologies to analyze current - and predict future - deforestation and conversion. These companies often combine the use of satellite images with local visits to the area of plantation to help companies eliminate deforestation from their supply chains. Examples of such companies are the Dutch company Satelligence[43] and the Brazilian company AgroSatelite[44].
- Agrosatelite works with ABIOVE[45] in Brazil to monitor the Amazon Moratorium and analyze soy-related conversion in the Cerrado. The company worked with the Soft Commodities Forum to identify municipalities in the Cerrado with a risk of future land conversion[46].

Control on legal compliance

- In addition to showing maximum due diligence effort to address all risks of deforestation, traders/operators must be able to demonstrate that the soy was produced according to relevant national legislation.
- The EUDR mentions the following legality topics:
  - land use rights
  - environmental protection
  - forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting
  - third parties' rights
  - labor rights
  - human rights protected under international law
  - the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples
  - tax, anti-corruption, trade and customs regulations
- There is no further guidance (yet) on how to demonstrate legal compliance for all these topics, and it is likely that this will be organized in the contracts between the soy supplier and soy buyer. Here particularly, certification systems (see paragraph 3) may come in handy, do check if they indeed can cover the legality items above and if not (yet) fully, what extra info is

[43] https://satelligence.com/about-us
[44] https://agrosatelite.com.br/en/about-us
[45] https://abiove.org.br/sustentabilidade/
[46] https://www.wbcsd.org/contentwbc/download/15457/225401/1

needed that they or somebody else has to have at hand or provide to Competent Authorities upon request.

- Demonstrating legality is a challenge, especially in countries with complex and very detailed legislation and low enforcement. For example, first assessments by Trase show that part of the farmers in Brazil is not yet meeting the requirements from the Forest Code, or – because of lack of validation of their CAR registration, it is hard to prove they do[47]. Supporting CAR registration in a particular landscape context is a useful investment, which can be done e.g. through the Brazilian NGO IPAM (add footnote) or through the Brazilian Produce Conserve and Include Compacts in Maranhão or Balsas (see paragraph 5).
- To have local impact on good governance, it is key that national or regional government-backed systems for traceability and verification developed in countries like Brazil, Argentina, or Paraguay have a formal place in EUDR compliance. We do emphasize the need for the European Commission to engage with relevant producing countries about such systems for the value chain towards, but certainly also beyond, the European Union. Possibly companies can help accelerate such systems as in the case of the VISEC system in Argentina.
- Companies do need clarity on what competent authorities expect them to deliver in terms of proof of compliance. We will keep you posted if more guidance on that appears in 2024 but until that time we guide by saying: have all items checked by a third party, one by one, for all polygons: deforestation free – and as much as possible – conversion-free production and all legality topics mentioned above.

- Again, robust certification systems may come in handy as sources of information.

Clean supplier approach

The Accountability Framework highlights the importance of three levels of action: (1) product volume, (2) supplier level policy to address entire business with a DCF policy- particularly relevant with shifting supply bases. And (3) sourcing area level. AFI recommends the full production unit to be verified DCF. This is a production unit may include certain plots with soy, corn or other crops for rotation. Addressing this full production unit is useful especially because plots within a production unit shift over the years and this would require repeated controls, and non-compliance in certain plots may involve fines and reputational risks. AFI furthermore already includes no conversion. It also includes human rights.

What are additional current CSI recommendations?

1) In terms of legality it is paramount to pay attention to all legality topics that the EUDR mentions, including but not limited to human rights. Again, we advise to check these legality topics in full, to be EUDR compliant.

2) CSI promotes sustainable production beyond DCF and human rights including responsible agricultural production such as with handling chemicals (herbicides and pesticides) which for soy is a key environmental and health issue. Robust standards and their qualified auditors are experts in on-the-ground control and CSI promotes the use of a mere 15-20 years of experience here instead of reinventing wheel with a mushrooming offer of control mechanisms and consultancy expertise. Consider building the volume of fully -or if needed partly- certified soy as outlined under recommendation 3.

[47] https://resources.trase.earth/documents/Briefings/soy-and-legal-compliance-in-brazil-report.pdf

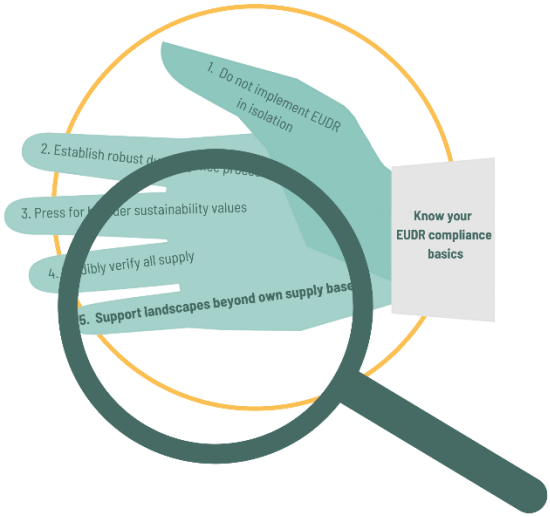
3) On the topic of sourcing area engagement CSI promotes engagement with risk landscapes that may go beyond or even be different than the own physical sourcing areas. This is also what the Consumer Goods Forum Landscape Strategy acknowledges and promotes. This is key for European companies to create impact and help recover our collective decade long footprint on natural resources, for the case of soy especially in Latin America. We foresee a shift to already long term deforested areas to supply Europe but that does not necessarily solve the problems. On the contrary: risk landscapes need government *and* business committed to sustainability- and including this support in your policy is a key element.

4) Also long term deforested and converted landscapes may show high risks related to unsolved past illegalities, land conflicts and human rights abuses, as well as species extinction risks related to the highly reduced and fragmented vegetation remnants. This means also in "low risk" areas verification of compliance at the farm level remains important.

- **Our message is: go for clean (EUDR compliant/ DCF, certified) physical supply and a clean supplier policy, setting time-bound improvement targets with suppliers. In addition support forest and ecosystem frontier areas in their efforts to achieve legal, DCF *and* responsible soy production in crucial zones. Here credits and other types of incentives for producers can play a useful, additional, role.**

See the next and last recommendation, number 5.

5. Cherish the relation: to have local effect on conservation where it counts, engage with conversion-risk, high biodiversity landscapes – also beyond your own supply base



Deforestation and ecosystem conversion are driven by complex variables and actors. Therefore, landscape initiatives with multiple tools and commodities have been gaining momentum. In these so called landscape, or jurisdictional approaches -targeting a certain jurisdiction such as a municipality or region- local stakeholders work together on an action plan for an entire landscape including targets and metrics[48] for improved production, nature conservation protection and social inclusion. This means solutions for different types of farmers should be found: those already certified, those who need support for that, for example capacity building, or options for producers to becoming legally compliant again by taking corrective actions.

Many serious private sector players from the European Union are currently involved in dialogue, projects and investment in high-risk regions to make a positive impact, for instance via the acquisition of targeted sustainability credits, attractive loans for above-legal conservation or other projects on the ground. If the EUDR would have as an unforeseen effect that engagement with high-risk landscapes disappears, it would be very damaging and a serious loss of capital invested both by EU actors as well as producing countries and farmers themselves over the past decade.

For the EUDR, all polygons should be submitted per batch delivered to EU market, and not 0,5 ha of deforestation in EU supply is permitted. Still it is key to make space for landscape/ jurisdictional approaches in your sustainability policy, to have impact where it counts, because just excluding farmers and areas with risks will most probably not solve local problems nor have sufficient impact on forests and climate. Actually, article 11 of the EUDR states that risk mitigation may also include supporting compliance with the Regulation of suppliers, in particular smallholders, through capacity building and investments.

Therefore, CSI recommends companies to stay or become more connected to risk landscapes via landscape programs as we will discuss, this way (even) a risk averse strategy and strengthening local governance in risk areas can go hand in hand.

Within the EC, a country benchmark is foreseen distinguishing low, standard and high-risk countries and/or regions. For low-risk countries a slightly simpler due diligence process for companies and a less intensive control regime for national competent authorities in Member States will be implemented -even if 100 % compliance with EUDR is expected in all cases. This and the general rules and potential fines of the EUDR are expected to incentivize companies to source from low-risk countries and areas and stay away from high-risk origins. This does not mean that those origins are better off, as producers will not automatically chose to abandon the areas and leave all their land for wildlife to thrive; possibly on the contrary. Without interested engagement

[48] See the main targets and metrics for impact at landscape level, co-developed by Soft Commodities Forum and Forest Positive Coalition, https://www.wbcsd.org/contentwbc/download/16578/235715/1

of sustainability oriented market parties and donors, such areas may be subject to neglect, their producers may feel resentment, and other less demanding markets may be keen to take over. CSI alongside many others therefore argue for a meaningful dialogue and tangible support measures for producer country conversion risk areas, especially in highly biodiverse areas. Proforest and IDH shared a vision for integrating the landscape dimension in EUDR[49]. To date there is no tangible EUDR framework for dialogue, nor much extra support by the EU foreseen to give shape to EUDR's article 30. A Team Europe Initiative hub will be started to inform on current and new initiatives on and do outreach to producing countries. Apart from several specific dialogues among EC and producing countries, much will in practice come down to good coordination among existing donors and programs to support such areas. Companies can actively contribute with their policies as we will discuss.

To keep it simple and create impact at this moment we advise: join existing landscape initiatives in countries where you source or where you wish to have a positive impact on sustainable land use, and actively add to their quality and scale. A strong multi stakeholder basis may be already be there in "Produce Conserve and Include compacts" such as in Sorriso or Maranhão, Brazil. In the Argentine Chaco or Paraguayan Atlantic zone or Chaco, engagement with producers is being done and needs to be built further over times to come.

Companies downstream can contribute to for example farmer training, reforestation/restoration, the implementation of better technologies, support to local communities to produce food (e.g. cassava and vegetables), support to farmers' land registration (CAR or other), traceability pilots, and last not least by targeted certification and credit buying from within the area of the landscape initiative to support the application and recognition of responsible and DCF soy production.

The landscape/jurisdictional programs downstream companies support can, but need not necessarily, match their physical sourcing. Soy being a commodity your supply may come from many different regions, depending on price, timing, availability, risks, but your company can select and support 1-2 risk areas for support. Risk averse sourcing under EUDR thus may be well matched by support to genuine conversion (or otherwise high-) risk areas. Also, in the overall soy sourcing regions, due to legality and human rights issues, as well as growing species extinction risks, there may not be de facto any "low risk" areas for companies. Traceability is needed everywhere.

Regardless of sourcing from a high risk area or not, of that targeted landscape support in expansion frontiers may be even needed extra in the new EUDR context. In the textbox below we give examples of initiatives or interventions to support.

Examples of targeted credit buying and other landscape and producer support to enable responsible sourcing and conservation in (risk) landscapes.

In the soy sector, landscape approaches are currently implemented in the Cerrado by IDH & partners[50], and the Soft Commodities Forum[51] and in the Gran Chaco by IUCN NL and partners in

[49] IDH_Forest_Positive_Options_Policypaper.pdf (proforest.net)

[50] https://sourceup.org/

[51] https://www.wbcsd.org/Programs/Food-and-Nature/Food-Land-Use/Soft-Commodities-Forum/News/The-Soft-Commodities-Forum-invites-investment-in-a-new-financial-model-to-eliminate-soy-driven-deforestation-and-native-vegetation-conversion-in-Brazil-s-Cerrado

Argentina[52] as well as by PPPP, Proyungas [53] and in Eastern Europe by Donau Soja[54]. For downstream companies, supporting such landscape initiatives play meaningful roles to add tangible sustainability value in particular locations. Especially in combination with broader conversion free company sourcing from the whole Cerrado and Gran Chaco biomes.

Cerrado examples
In Sorriso municipality in Mato Grosso Brazil, IDH and RTRS work together with the producer association CAT and local government to achieve multiple goals[55].

In Maranhão, particularly Balsas region (comprising 12 municipalities), producers have been expanding RTRS certification up to levels that soon may enable physical sourcing of RTRS supply from that area. This has been made possible because of year-long direct, targeted, support via the adoption of RTRS Credits that are supporting responsible soy production, through endured support and promotion by local NGO FAPCEN Research Foundation as well as by end buyers committing to longer term support. Lately, IDH and FAPCEN agreed on a Regional Pact to expand the achievements in the region.

Beside the application of EUDR+ RTRS, other landscape elements are added together with IDH and others to enhance local impact[56]. These two and other landscape approaches – or "compacts", that include agreements with the government (eg. on enhanced CAR validation), feature on the SourceUp platform[57].

Gran Chaco example
Another example, in the Gran Chaco (Argentina/ Paraguay/Bolivia), is the Soy Chaco initiative of IUCN NL and multiple partners, including Solidaridad, Fundación Vida Silvestre Argentina, Cefetra and the Dutch dairy sector[58]. It uses the targeted credit trade model in the 4 Chaco provinces in Northern Argentina. Soy Chaco promotes the credit sale from RTRS certified farmers and has enabled farmer support for compliance with RTRS or CRS. Soy Chaco also promotes the regeneration of a natural corridor belonging to a larger scale conservation vision of the Gran Chaco; it entails a tangible 20.000 ha forest regeneration plan which recently started with a pilot. The has connected with buyers having clear links with Argentina and buyers that have an interest in supporting areas in clear need of responsible DCF production. Connections of certified soy with physical sourcing are promoted in this area by traders such as Bunge or Cefetra. The level playing field that trader initiative ViSeC seeks to achieve on traceability by the collective mechanism they are developing should make EUDR compliance *plus* responsible production more feasible in the near future[59].

Farmer incentive packages.
Tailor-made financial and other incentive packages for producers are key. EU market exclusion may be a "stick" but Europe is just 10 % of the global soy market. Incentives are needed to engage

[52] https://www.iucn.nl/en/news/soychaco-a-dutch-pilot-project-to-add-conservation-value-to-soy-sourcing-in-the-argentine-chaco/
[53] https://proyungas.org.ar/proyect/ppp-acercando-la-produccion-a-la-naturaleza/

[54] https://www.donausoja.org/wp-content/uploads/2022/10/Protein_Partnership_Brochure_2022-1.pdf
[55] https://sourceup.org/compacts/sorriso
[56] https://sourceup.org/compacts/balsas-region/updates
[57] https://sourceup.org/
[58] https://www.iucn.nl/en/news/soychaco-a-dutch-pilot-project-to-add-conservation-value-to-soy-sourcing-in-the-argentine-chaco/
[59] https://www.visec.com.ar/en/

sufficient producers to embrace the DCF and responsible soy agendas. Especially with high soy prices, the opportunity costs for not using suitable (forested) land for soy cultivation in Latin America are high. Hardly any downstream company is willing to pay all these costs upfront, but there are good combinations of Payments for Ecosystem Services that can be made.
Apart from, or combined with targeted credit buying this can include:

- Support for land rent or tax exemptions for forested areas to lower it being a cost factor for the producer
- Attractive loans for giving up deforestation permits in Brazil as done by Responsible Commodities Facility in Brazil[60].
- Support for above legal nature regeneration in crucial wildlife corridors.
- Cost reductions and extra financial stimuli from combining multiple credits for regenerative practices. This could include e.g. a premium for being certified with a soy standard, plus carbon credits, plus biodiversity credits. These practices may include a more responsible (precision) use of chemicals, management of soil carbon, cover crops to manage weeds, rotation of soy with other crops or cattle ranching.

Example in Europe
Donau Soja supports farmers in Eastern European countries, such as Serbia, Moldova and Ukraine to produce non GM soy in a sustainable manner. With its Protein Partnerships[61], Donau Soja organizes educational activities for farmers, including workshops and training, which focus on best practice in soy cultivation and cover topics ranging from choice of variety to plant protection. Donau Soja covers the certification costs for both farmers and primary collectors. This guarantees the first step in the physical flow of sustainably produced soya, ensuring that traders and processors — and therefore the market — have easy access to certified beans. In 2022, the Protein Partnerships produced 700,000 tons of sustainably certified European soy for the European market.

Photo: Gran Chaco

[60] https://sim.finance/responsible-commodities-facility/
[61] https://www.donausoja.org/wp-content/uploads/2022/10/Protein_Partnership_Brochure_2022-1.pdf

Summary of tips for compliance with impact:

- Know your EUDR compliance basics and prepare as soon as possible. When products produced after the day the EUDR entered into force (29 June 2023) enter the market after 30 December 2024 they need to be accompanied with proof of no-deforestation and legality in line with EUDR requirements. Especially for products that can be stored for a while this will become a factor.
- Implement solid due diligence structures for compliance with EUDR and for upcoming Due Diligence legislation (EU CSDDD) and other legislation. The EUDR should not be viewed in splendid isolation. Other wooded lands will probably be included as well. Don't wait for the Commission to include these and other ecosystems, but work towards no conversion of natural ecosystems such as in the Cerrado and Gran Chaco from the start.
- Invest in sustainable soy production via certification and landscape approaches and their combinations. EUDR compliance is the minimum, sustainability requires more in supply chains and in sourcing areas: including sustainable agricultural practices and targeted conservation and nature restoration support. This often requires financial or other incentives for producers in terms of premiums, longer term contracts, sustainability linked loans etc.
- Recognize existing cut-off dates and don't stimulate supply chain partners to let go of them and relax them to 31 December 2020. Build strong relations with suppliers to address this and forthcoming challenges in the supply chain.

We wish you the best in the steps to come and hope to contribute by facilitating collective dialogue, search for and guidance for solutions.

https:///thecollaborativesoyinitiative.info

Creating synergies for impact

Join us as a contributing partner

coordinator@thecollaborativesoyinitiative.info