



Collaborative
Soy
Initiative

5th Meta Meeting of Soy Initiatives.

June 10, 2021

Moving further with the mechanisms to match asks and incentives
in supplier engagement

Agenda



Welcom, recap and reflection (10 min)

Heleen van den Hombergh, coordinator CSI

A magic cube for commodities: combining the best of instruments (10 +15 min feedback)

Jane Lino, Proforest & Heleen van den Hombergh, CSI

Asks and mechanisms for supplier engagement in the Soy Roadmap and Soy Toolkit (20 min)

Jane Lino and Sylvia Castro Torres CGF Soy Roadmap/Soy Toolkit, Proforest

Invited reactions and interactions with RTRS , PCI, ENSI, FEFAC, all (30 min)

Meanwhile...the next generation incentives: PES Soy Brazil (5 min + 5 min Q & A)

Fabiola Zerbini, Tropical Forest Alliance

Further DIALOGUE, WRAP UP (20-25 min)



Welcome

Recap and reflection



Our 5 CSI strategic objectives among soy initiatives:

1. Promote ambitious, compatible sustainability goals & targets by users/buyers to create scale for conversion free sustainable soy.
2. Based on these goals & targets create consistent (at least compatible) asks to traders and producers.
3. Develop a shared narrative of these asks.
4. Engage with traders and producers to create effective & constructive communication about asks.
5. Create incentives for producers to meet requirements



Our 5 CSI strategic objectives among soy initiatives:

In **bold** what we focused on 4th meta meeting, and will dig deeper in today.
Underlined what we are striving towards but still challenging.

1. Promote ambitious, compatible sustainability goals & targets by users/buyers to create scale for conversion free sustainable soy.
2. Based on these goals & targets **create consistent (at least compatible) asks to traders and producers.**
3. Develop a shared narrative of these asks.
4. Engage with traders and producers to create **effective & constructive communication** about asks.
5. Create **incentives** for producers to meet requirements



Convergence and Confusion at the same time.

Consistent, compatible asks, shared narrative?

Yes in CSI we're moving towards that..... but no convergence in public debate?

“Physical deforestation free NOW!”

There sure is urgency from a climate and biodiversity perspective.

However, we risk that buyers and suppliers are pressed to throw two babies out with the bathwater:

- + application of strong integrated criteria (standards) and
 - + working with farmers, local organizations and government in step wise improvements and conservation (landscape approaches)
- while they could deliver many good developments at local level together.



Convergence and Confusion.

Government and company policies: meant to exclude (farmers, regions, countries, continents?) or rather include and improve?

Confused companies (eg in NL): “working on physical conversion free soy..... should we leave out certification whatsoever and start all over again?”

From clean supply chains..... → to clean suppliers (no escape!) → but how to contribute to sustainable landscapes, in which integrated sustainability criteria are applied?

Making scale *WITH* quality. How can we effectuate deforestation/ conversion -free soy at scale “first time right”?

There’s no excuse for staying in the margin on deforestation/conversion.

But.... there is also no excuse for excluding important ingredients from what responsible production actually means.



To achieve 100 % conversion free sustainable soy production and uptake on a global scale it is really time for recognition of the multiple roads to a responsible Rome. And they need each other. We therefore can't walk alone.



Identify ingredients for a shared narrative:

- + CSI vision

- +making scale, with quality, with effect.

- + working at demand side (voluntary/legislation) but also in producing countries. Inclusion rather than exclusion as a final answer

- + clean supply chains, clean supplier, yes but also (and most importantly so) sustainable landscapes, nature conservation and responsible production (social/environmental)


- +physical supply chain yes & urgent, but acknowledging role of book and claim and mass balance if used well= in favor of landscapes and recognition of farmers efforts in risk areas.

- +multiple routes to Responsible Rome, and what is more: they need each other, sketch of how, we'll make an effort today.

- + to illustrate give a snapshot of the types of efforts tools, especially where combinations of routes are made.



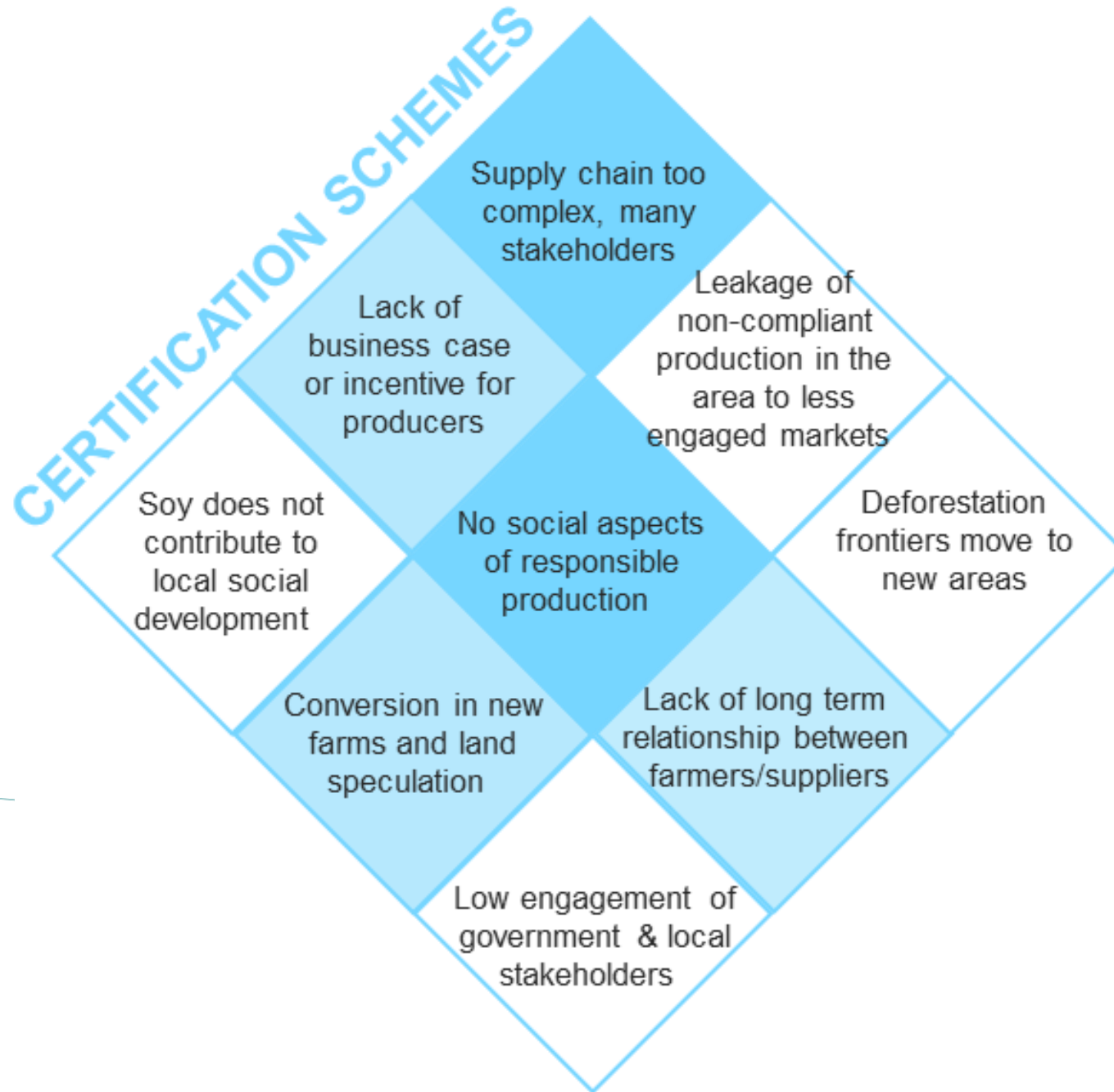
Feedback on ingredients for shared narrative
or on the next presentation of the magicube?
Send to coordinator@thecollaborativesoyinitiative.info



A magicube for commodities: combining the best of instruments



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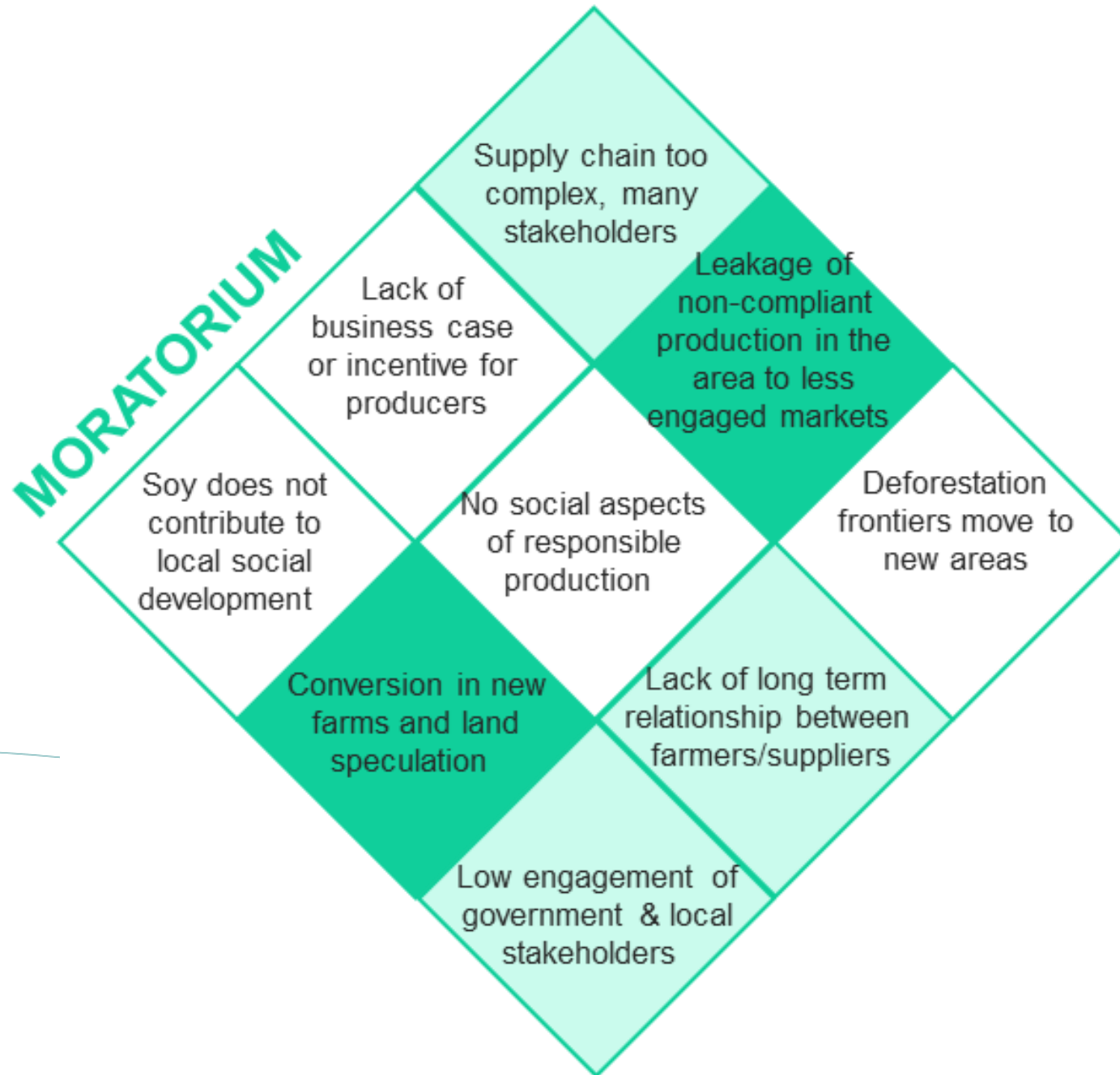
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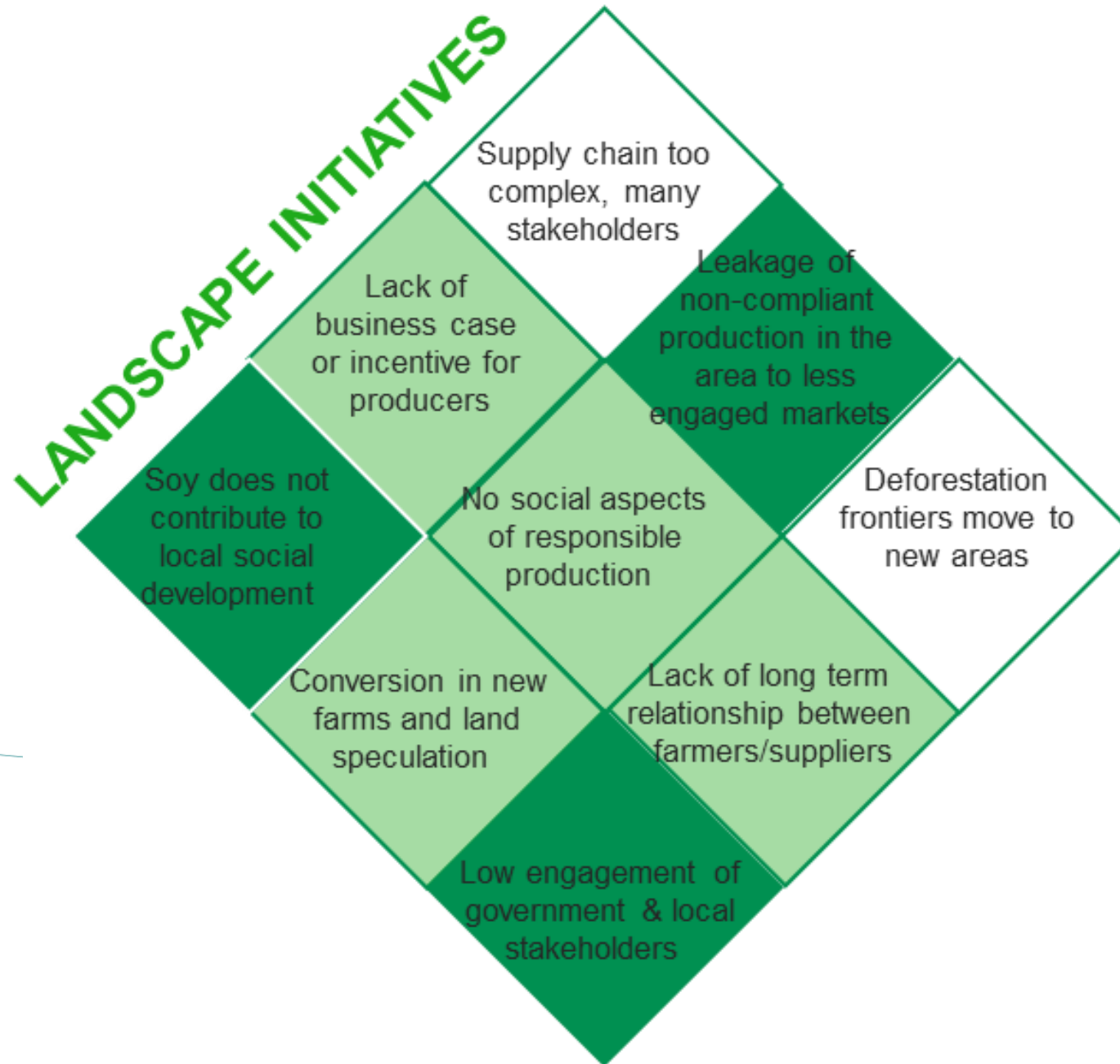
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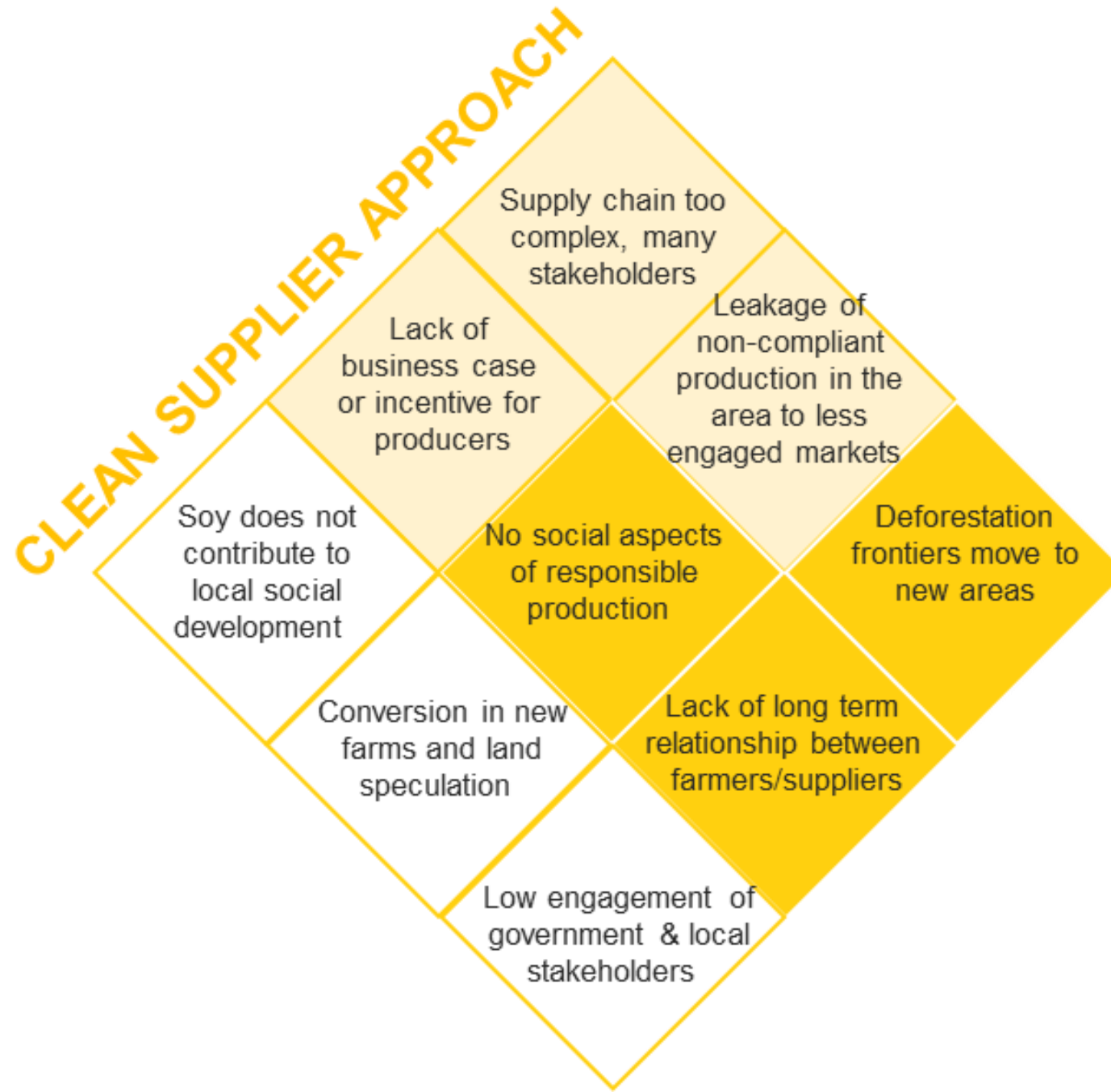
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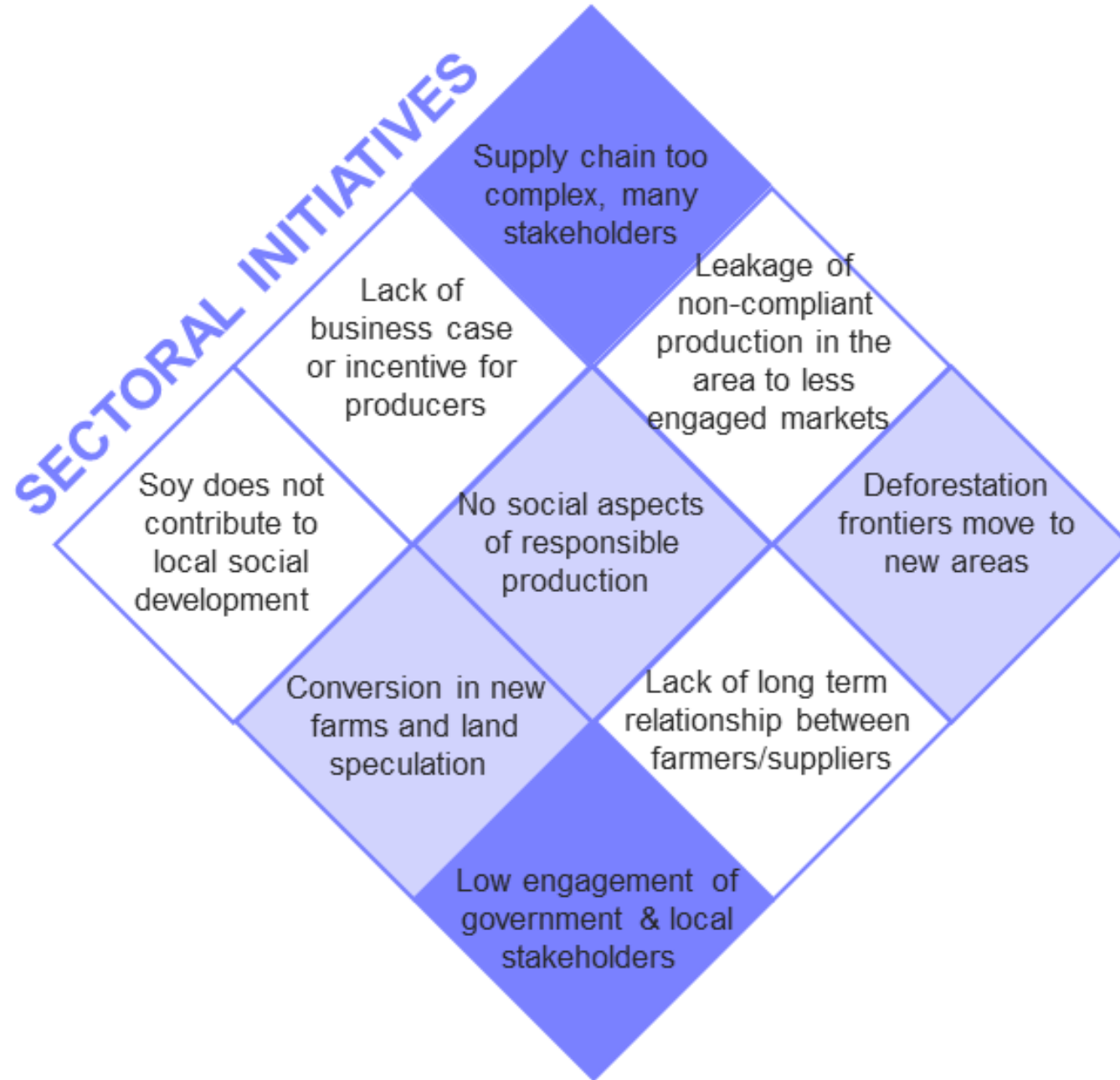
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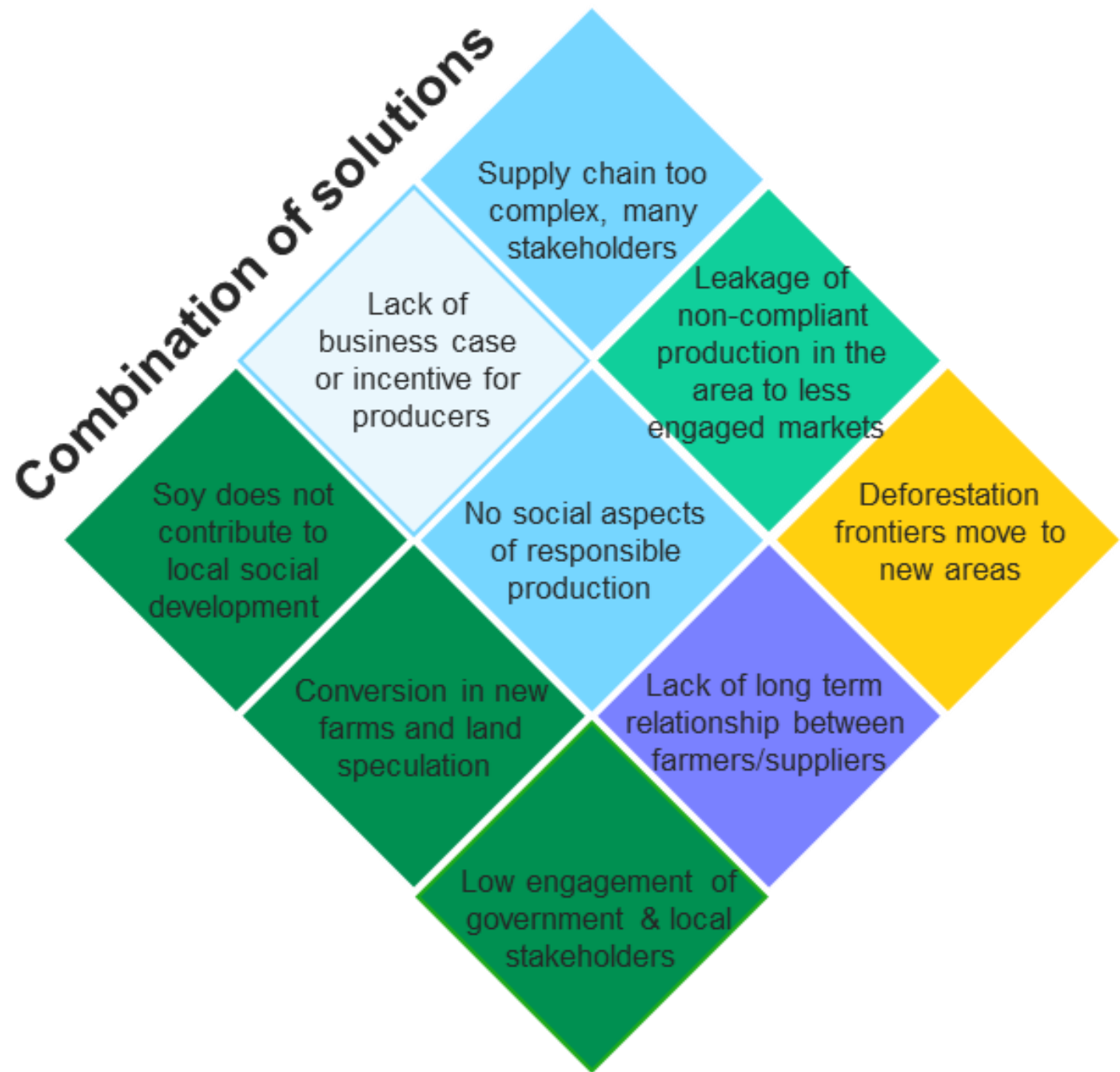
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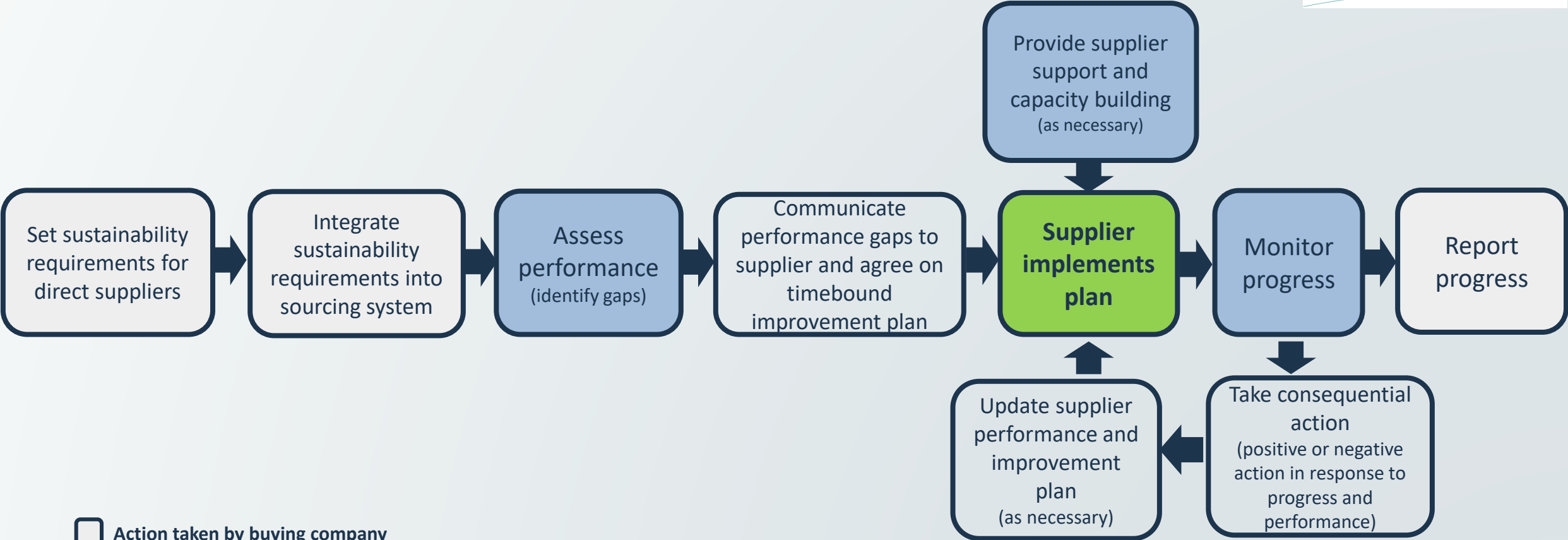


Combining solutions and incentives in supplier engagement



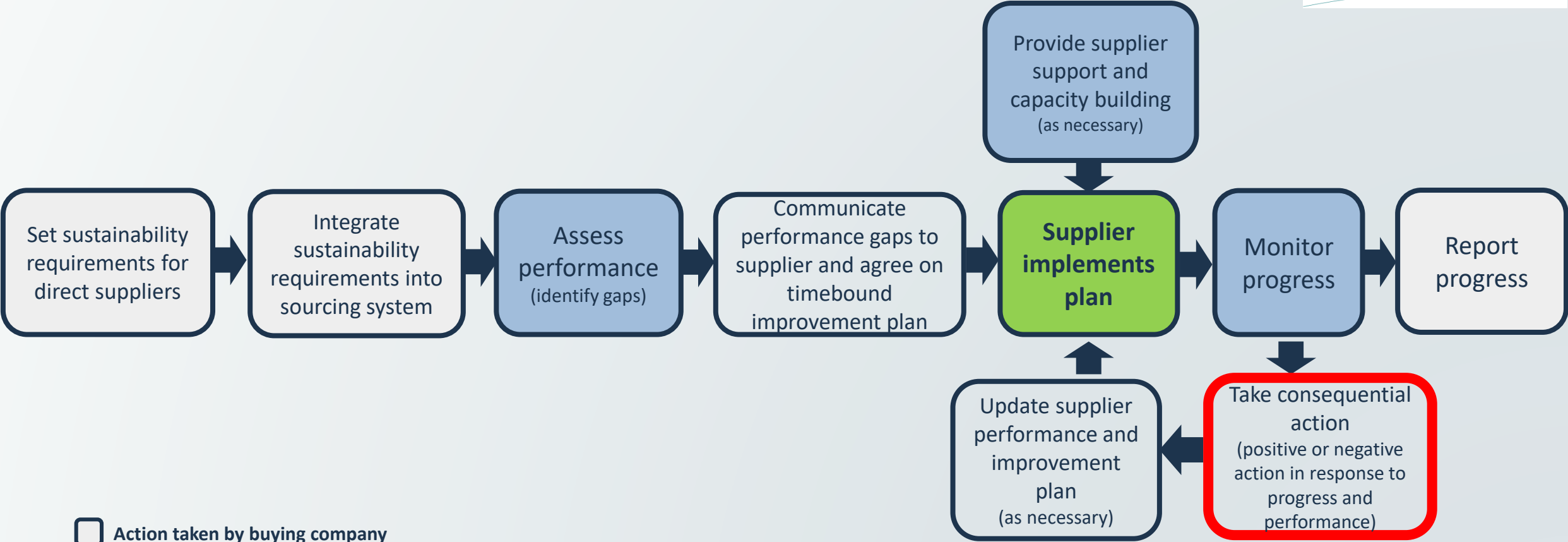
Engaging suppliers and taking action

Supplier Engagement Process



- ☐ Action taken by buying company
- ☐ Action taken by buying company but can be supported by external reporting platform and tools
- ☐ Action taken by supplier

Supplier Engagement Process



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- ☐ Action taken by buying company but can be supported by external reporting platform and tools
- ☐ Action taken by supplier

Take consequential action



Based on the monitored performance and progress of suppliers in meeting buyers' expectations, buyers should consider implementing consequential actions as a means to incentivize continuous improvement.

To take consequential action, companies need to consider:

- Point of contact with suppliers and reasons for taking action
- Types of consequential action
- Systems and mechanisms to implement the actions



Overview of supplier engagement contact points

First point of contact: Pre-sourcing (proactive)

Engaging potential new supplier the company wants to start buying from
Actions:

- Assess performance and risk of supplier (e.g. sustainability record)
- Decide whether to start sourcing
- Include FPC ask/sustainability requirement in contract clauses

Direct commercial relationship required

Second point of contact: During sourcing (proactive)

Engaging current supplier on regular basis to work towards compliance of FPC ask/sustainability requirements

Actions: See next slides



Third point of contact: Addressing grievances (reactive)

Engaging current supplier who has a grievance raised against them or is linked to a grievance through their supply chain

Actions:

- *Being developed by T&F working on Element 3 Monitoring and Response*

No direct commercial relationship required

Fourth point of contact: Collaborating

Engaging current and potential supplier (direct and indirect) to work on addressing barriers and systemic issues

Actions:

- Taking part in sector discussions
- Supporting landscape initiatives
- *Landscape work being developed under Element 4 Landscape Engagement*

Types of consequential action



	Commercial	Non-commercial
Rewards	<ul style="list-style-type: none">• Premium price• Increase in purchased volume• Preferred supplier status• Long-term contract• Improved payment terms	<ul style="list-style-type: none">• Capacity building• Support to implement action plans• Partnerships and co-funding• Public or private recognition
Penalties	<ul style="list-style-type: none">• Reduction in purchased volumes• Removal from approved supplier list	<ul style="list-style-type: none">• Escalation to suppliers' senior management• Public letters

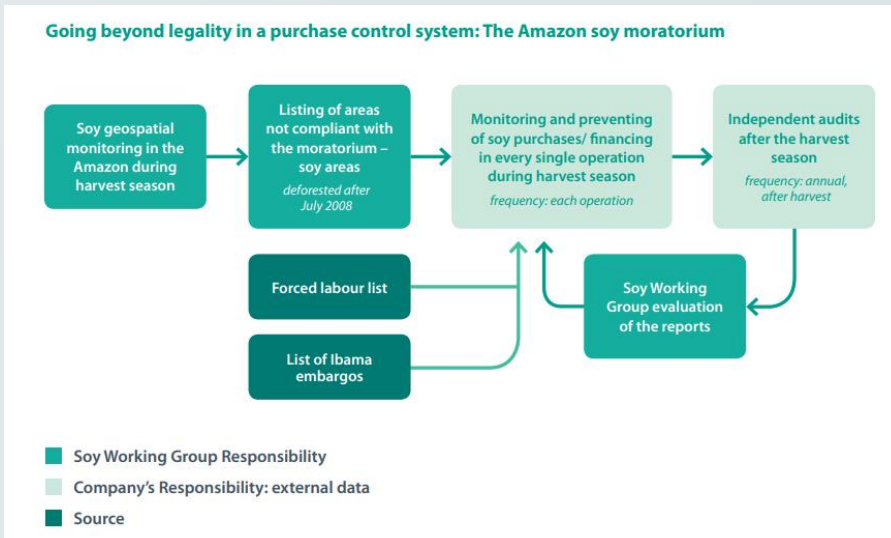
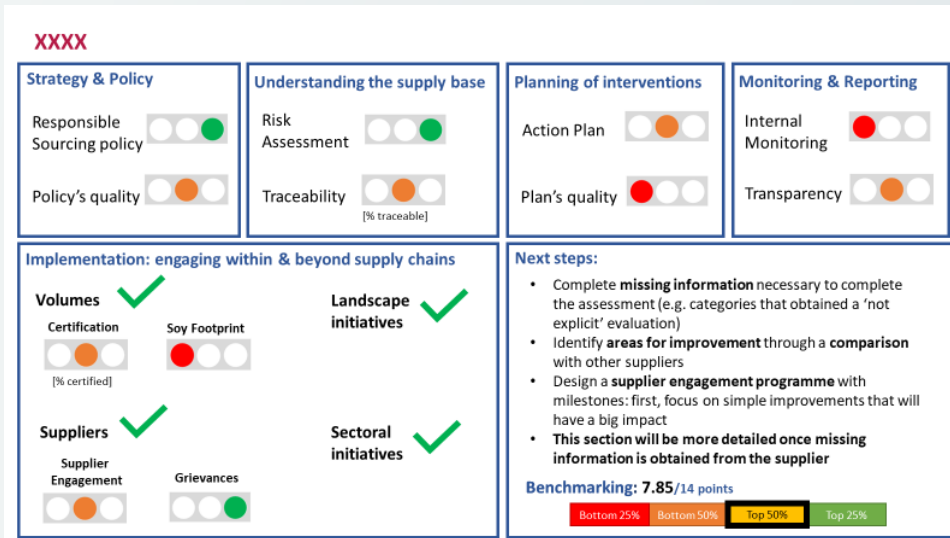


Mechanisms:

- Product Specification --- only products meeting expectation
- Additional purchase criteria --- commercial benefits based a score
- Contract suspension --- legal consequences, valid for egregious cases

Systems and Tools:

Scorecards, Request for Proposal templates, purchase control systems





Supplier engagement in CGF Forest Positive Coalition

About the CGF Forest Positive Coalition of Action

The CGF Forest Positive Coalition of Action (FPC) is comprised of member companies committed to moving efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The Coalition is focused on making progress through a combination of Coalition-wide Actions and delivering on commodity-specific roadmaps for palm oil, soy, pulp, paper and packaging (PPP), and Beef.

The approach of the Coalition is based on a Theory of Change that builds on:

- Volumes sourced by members should be deforestation and conversion-free
- Suppliers implement forest positive commitments across their business
- Producing landscapes transition to become forest positive

Deforestation Theory of Change

Together, we can create a [#forestpositive](#) future

Accelerating efforts to remove deforestation from commodity supply chains

+

Encouraging more transformational change in key commodity landscapes

SUPPLY CHAIN MANAGEMENT

From: deforestation/
conversion-free
supply chains



To: deforestation/
conversion-free
businesses



INTEGRATED LAND USE APPROACH

From: siloed,
uncoordinated
initiatives



To: integrated,
multi-stakeholder
land use



The Commodity Roadmaps can be found on CGF Forest Positive Coalition [website](#)

The Commodity Roadmaps

Each commodity has its own Roadmap made up of 5 elements:

- Element 1: Own supply chain
- Element 2: Suppliers and traders
- Element 3: Monitoring and response
- Element 4: Landscape engagement
- Element 5: Transparency and accountability

For each of these elements there are:

- The **commitments** of Coalition members
- Individual and collective **actions** to implement the commitments
- Public **information and KPIs** for aligned reporting by Coalition members

Deforestation Theory of Change

Together, we can create a #forestpositive future

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Element 2: Why a Forest Positive Ask for suppliers?

In addition to have a 'forest positive supply' the FPC is working towards 'forest positive suppliers' which means:

1. Public commitment and time-bound action plan to be Deforestation and Conversion Free (DCF) across entire business
2. Process for supplier engagement to cascade this commitment
3. Mechanism to identify and respond to non-compliances
4. Support to landscape and sectoral initiatives working to deliver forest positive development
5. Regular public reporting of progress and performance

CGF Forest Positive Coalition – Guidance on Ask and KPIs for Traders – Soy

Version 0.6 of May 2021. Draft for consultation.

The Forest Positive Coalition recognises that to support sector-wide progress, it is important to work beyond individual supply chains. Therefore, the Coalition members (manufacturers and retailers) are committed to doing business with upstream suppliers who in turn are committed to forest positive implementation across their entire business.

The Element 2 of the Soy Roadmap defines Coalition commitments, actions, and publicly reported KPIs to demonstrate progress towards compliance with the commitments. A critical first action in the roadmap is developing a 'Guidance on a Forest Positive Ask for Soy' which sets expectations for suppliers and allows Coalition Members to report against. Members are expected to use this guidance to develop their own asks and to use the 'Supplier and Trader Engagement Guidance' to implement and report on their progress.

This document outlines a draft of the 'Guidance on a Forest Positive Ask for Soy' initially for larger Traders, detailing clear requirements observed by these suppliers across their entire soy business. This document will be shared with upstream traders and other key stakeholders for consultation and version 1 of this document will be publicly available in the Forest Positive Coalition website.

Proposed requirements for large Soy Traders

1. Public commitment to 'deforestation and conversion-free' across entire soy commodity business including a public time-bound action plan with clear [milestones](#)

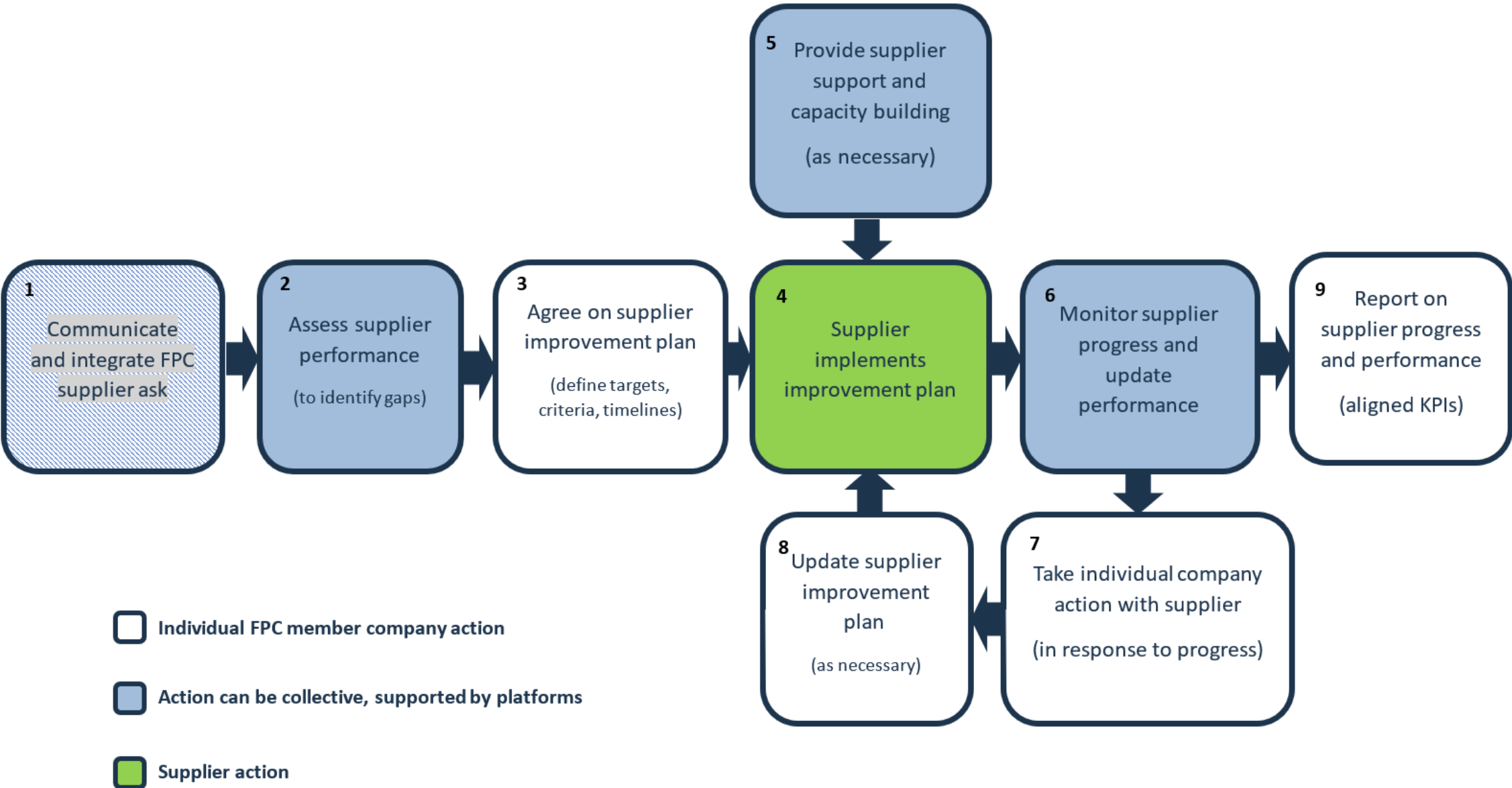
Public no-deforestation and no-conversion policy for soy

- The policy is published on company's website and link to other relevant corporate [policies](#)
- The policy covers all company's business units (in the case of a corporate group, policy covers all legal entities under group's total or partial control), all soy volumes (soybeans and soy products) and all direct and indirect [suppliers](#)
- The policy is aligned with Accountability Framework guidance by including, at a minimum, commitments to:
 - Comply with legal requirements related to forest and natural ecosystems protection in soy producing countries

Next steps for Forest Positive Ask:

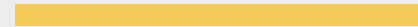
- Consultation with key suppliers and NGOs in June
- Publicize Forest Positive Ask in FPC website in July
- Roll-out implementation of ask in H2 2021

Supplier Engagement Process

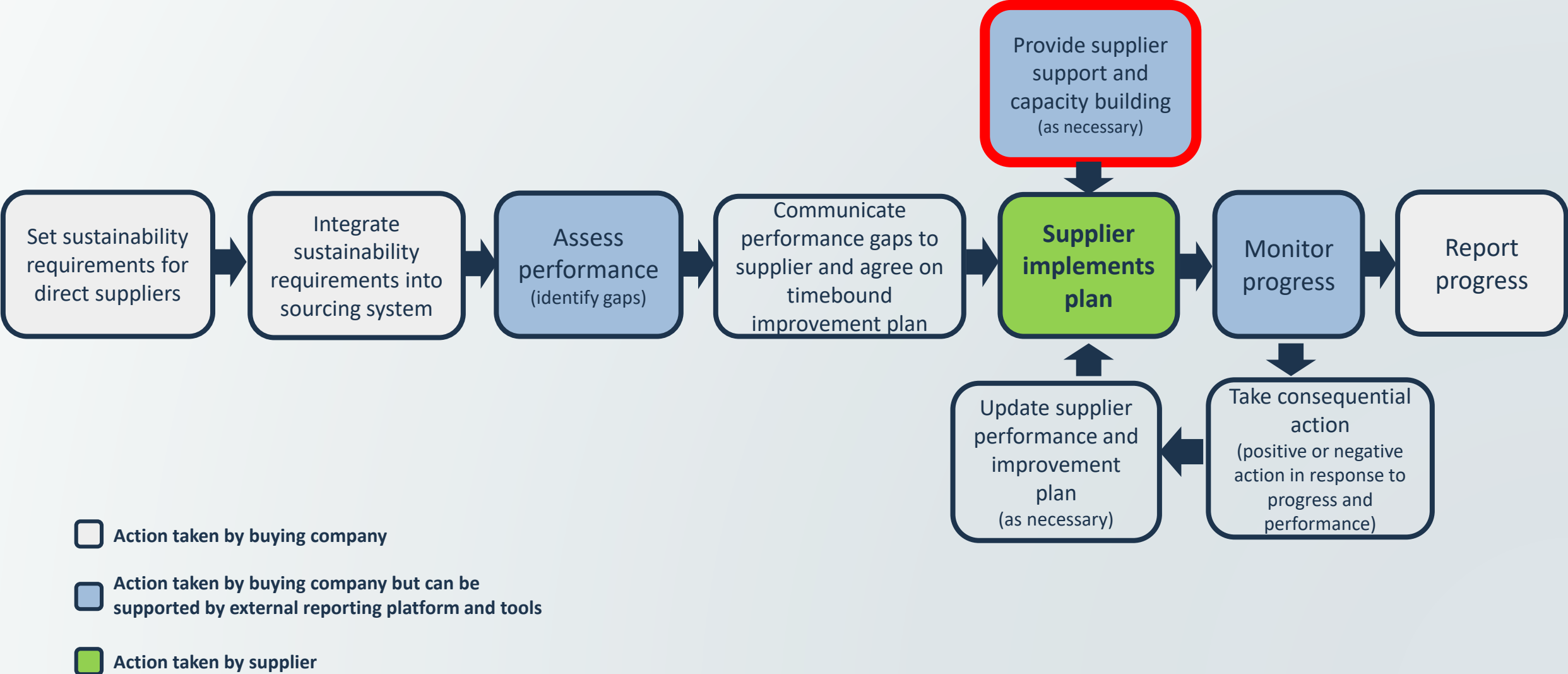




The Soy Toolkit: tangible tools for supplier engagement



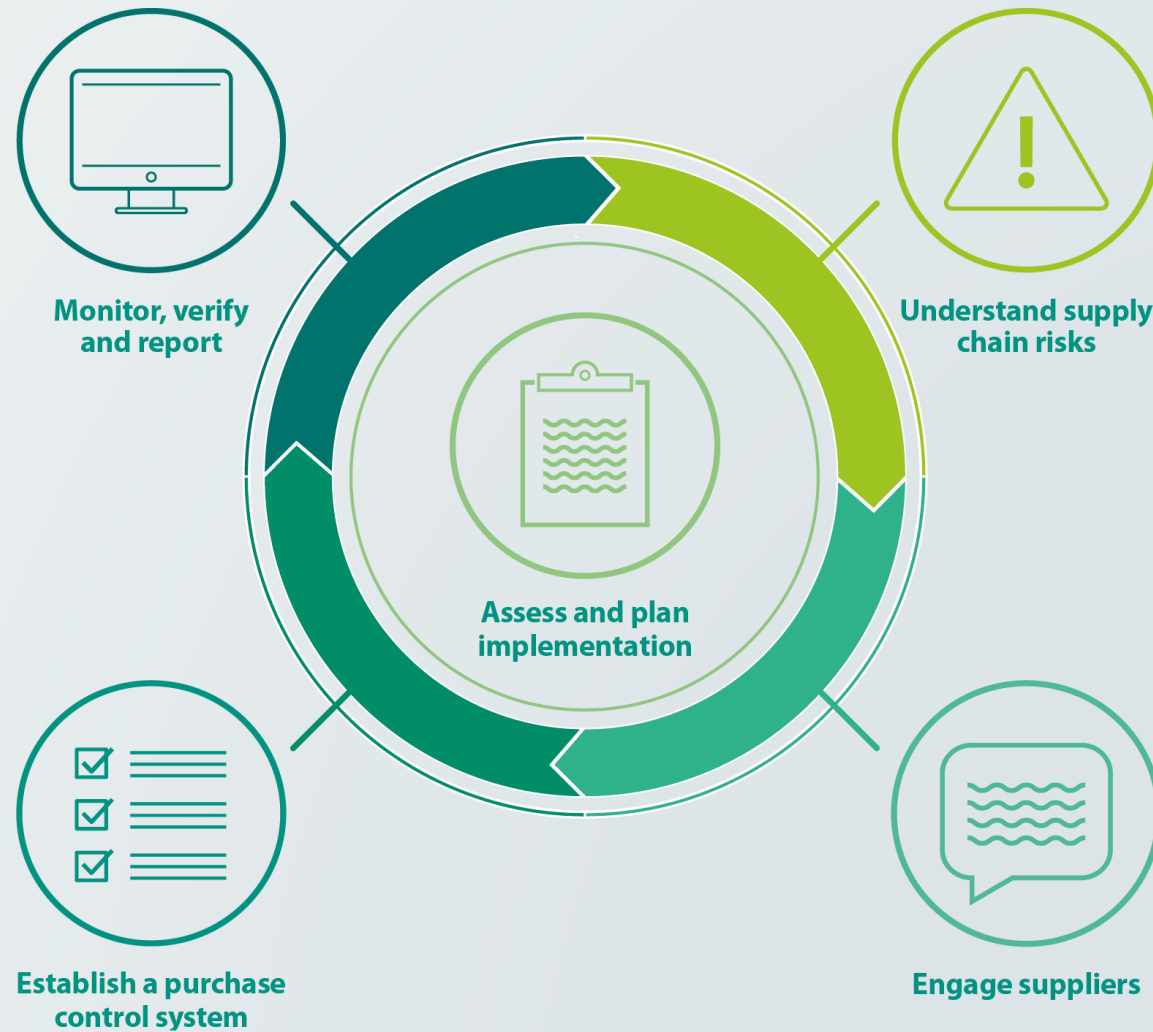
Supplier Engagement Process



Soy Toolkit



5 element approach



For more information: www.soytoolkit.net

Steps, tools and approaches for engaging with soy suppliers

**Determine at
what level to
engage**

**Prioritize
interventions**

**Understand
current
practices and
gaps**

Take action



Step 1. Determine at what level to engage: Direct vs Indirect

What level to engage?



Upstream companies



Downstream companies



Step 2. Prioritize interventions



UPSTREAM COMPANIES

- More direct approach
- Based on the level of risk
- Amount of leverage
- Presence of existing initiatives



DOWNSTREAM COMPANIES

- Based on collaborating with their direct suppliers
- Dependent on supplier's own engagement programme

RETAILERS

- Focus on shorter supply chains and on their own-branded products

Step 2. Prioritize interventions

- Search for ongoing initiatives in their sourcing regions.
- Public & private initiatives working on deforestation
- Overlay their supply base information on this type of map to identify linkages.



Initiatives:

Brazil

- 01 Agricultura Sustentável
- 02 Rede ILPF
- 03 WebAmbiente

State of Pará

- 01 Soja Mais Sustentável (Belterra)
- 02 Soja Mais Sustentável (Santarém)
- 03 Caminhos Sustentáveis (Itaituba)
- 04 Caminhos Sustentáveis (Novo Progresso)
- 05 Caminhos Sustentáveis (Trairão)

State of Bahia

- 01 Strengthening the Soja Plus Program in western Bahia, Brazil: a passport to the European market (Balanópolis)
- 02 "" (Barreiras)
- 03 "" (Cocos)
- 04 "" (Correntina)
- 05 "" (Formosa do Rio Preto)
- 06 "" (Jaborandi)
- 07 "" (Luís Eduardo Magalhães)
- 08 "" (Riachão das Neves)
- 09 "" (São Desidério)
- 10 Caminhos Sustentáveis (Luís Eduardo Magalhães)
- 11 "" (Formosa do Rio Preto)
- 12 "" (São Desidério)



State of Mato Grosso

- 01 Caminhos Sustentáveis (Brasnorte)
- 02 "" (Campos de Júlio)
- 03 "" (Feliz Natal)
- 04 "" (Júlia)
- 05 "" (Lucas do Rio Verde)
- 06 "" (Nova Mutum)
- 07 "" (Nova Ubiratã)
- 08 "" (Porto dos Gaúchos)
- 09 "" (Sapezal)
- 10 "" (Sorriso)
- 11 "" (Tapurah)
- 12 Conserv (Cocalinho)
- 13 Conserv (Sapezal)
- 14 IDH landscape program
- 15 Managing socioenvironmental risks in soybean territory in northeast Mato Grosso (Canarana)
- 16 "" (Confresa)
- 17 "" (São José do Xingu)
- 18 Mato Grosso Sustainable Municipalities program - PMS
- 19 Novo Campo Program (Alta Floresta)
- 20 Novo Campo Program (Cotriguaçu)
- 21 Produce, Conserve and Include (PCI) strategy
- 22 Projeto Guardão das Águas
- 23 Promoting a supply area without socioenvironmental risk: a sustainable territorial approach in northern Mato Grosso (Alta Floresta)
- 24 "" (Carlinda)

- 25 "" (Paranaíta)
- 26 Soja + Verde (Nova Ubiratã)
- 27 "" (Ipiranga do Norte)
- 28 "" (Itanhangá)
- 29 "" (Juruena)
- 30 "" (Lucas do Rio Verde)
- 31 "" (Nobres)
- 32 "" (Nova Mutum)
- 33 "" (Santa Rita do Trivelato)
- 34 "" (Sorriso)
- 35 "" (Tapurah)
- 36 Soja Mais Sustentável
- 37 Soja Plus - Mato Grosso
- 38 Verified Sourcing Areas / PCI land (Cotriguaçu)
- 39 Verified Sourcing Areas / PCI land (Juruena)
- 40 Agroldeal (available to Cerrado region, also is being developed for Amazon and Chaco).



State of Maranhão

- 01 Soja Plus - Maranhão



State of Minas Gerais

- 01 Soja Plus - Minas Gerais



State of Mato Grosso do Sul

- 01 Soja Plus - Mato Grosso do Sul



State of Goiás

- 01 Soja Plus - Goiás



Step 3. Understand current practices and gaps

What are the methods for gathering the required information?

- Site visits for engagement
- Questionnaires, desk-based research, new technologies
- Communication
- Engaging with other initiatives



Step 3. Understand current practices and gaps

What are the **topics** and **indicators** for evaluating suppliers' engagement programmes?

1. Policy commitments
2. Supply chain traceability
3. Action plan for implementation
4. Grievance process
5. Progressing report



Outcome: common understanding

- Current practices,
- Gaps between these practices,
- Requirements of responsible sourcing policies.

Step 4: Take actions

1. **Action planning** for addressing the risks and gaps identified in current practices.



UPSTREAM COMPANIES

- Producing Right Programme
- Soja Plus
- Conserv



DOWNSTREAM COMPANIES

- Collaborations with their direct suppliers to promote on-the-ground activities

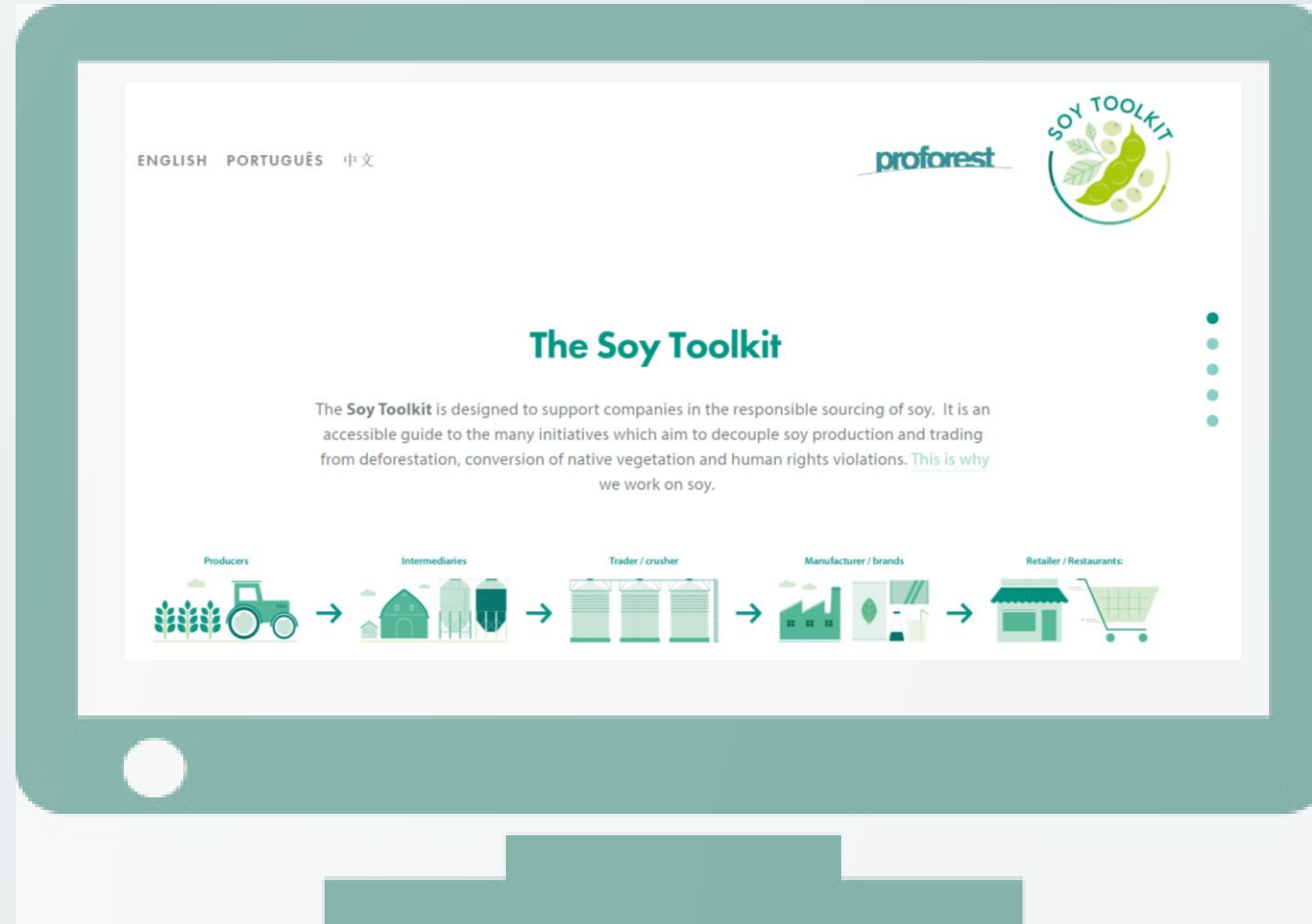
Landscape / jurisdictional approaches



<https://www.wbcasd.org/>



Further information



Soy Toolkit web site www.soytoolkit.net





Thank you!

soytoolkit@proforest.net


www.soytoolkit.net

The Soy Toolkit has been developed by Proforest as part of the Good Growth Partnership's Responsible Demand Project, thanks to financial support from the Global Environment Facility through World Wildlife Fund



GOOD
GROWTH
PARTNERSHIP





The next generation incentives: PES Soy Brazil:

see separate presentation



Dialogue Next steps



- + Build further on shared narrative
- + Build further on the magicube
(feedback welcome to both)

Next CSI Meta Meeting of Soy Initiatives

September 16 th 14:00-16:00 CET, Communicating a Shared Narrative

Then: outreach to wider audience with what we've learnt and constructed in the Meta Meetings.



Collaborative Soy Initiative

Thank you very much
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