



COLLABORATIVE SOY INITIATIVE (CSI) META MEETING 19 NOVEMBER 2020

CORE 5 _ INCENTIVES FOR PRODUCERS



&



INCENTIVES FOR RESPONSIBLE SOY PRODUCERS

FARM LEVEL

Premiums for responsible production

Payments for environmental services

Technical Assistance

Better financing options



LANDSCAPE/JURISDICTION LEVEL

Preferential sourcing

Payments for performance

Investments

Market access





TRANSFORMING TOGETHER



Mato Grosso's government created the Produce, Conserve, Include (PCI) strategy, a leading jurisdictional approach that creates a new vision for the future of Mato Grosso: increase productivity across the state, all while maintaining native vegetation cover and reducing deforestation.

The PCI's ambitious vision add up to huge environmental benefits: over six gigatons of avoided emissions by 2030. Meeting these aggressive targets requires a multi-stakeholder effort, and the PCI brings together government agencies, civil society, producer groups and companies to drive toward impact.

To promote the growth of production, trade, and use of responsible soy through cooperation with players in and relevant to the soy value chain, from production to consumption in an open multi-stakeholder dialogue.

RTRS also sets the standards for responsible soy and chain of custody. Particularly the RTRS Standard for Responsible Soy Production scheme ensures that RTRS soy not only meets the highest environmental criteria (including a guarantee of third party-verified zero deforestation and zero conversion) but also a wide-reaching set of social and labor requirements. It is based on five principles: Legal Compliance and Good Business Practices; Responsible Labor Conditions; Responsible Community Relations; Environmental Responsibility and Good Agricultural Practices.

MATO GROSSO CASE

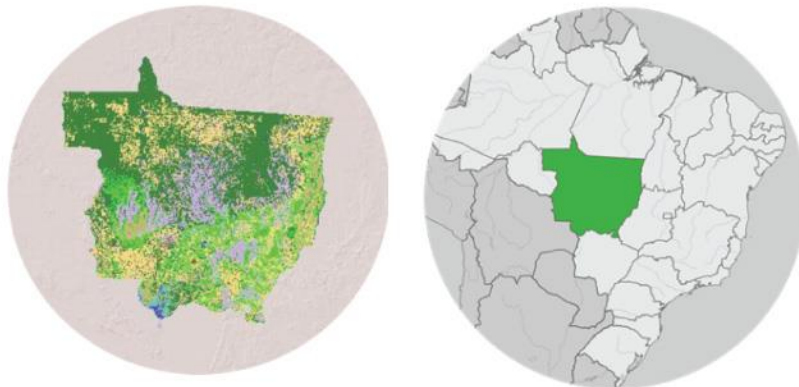
- In the next 20 years there will be a **35% increase** in world demand for meat

- **90% of this growth is in emerging countries**, 60% is in Asia

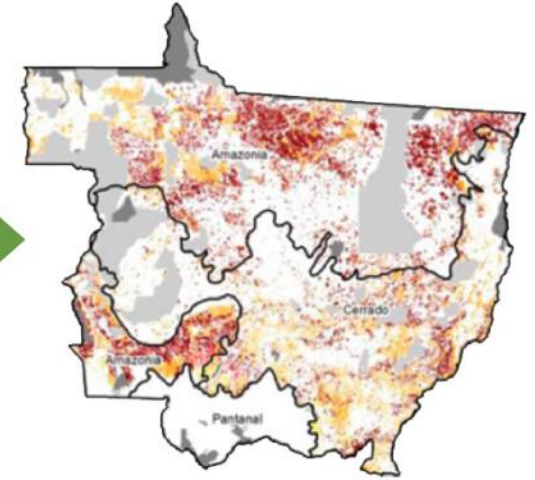
- **70 million tons** of additional demand for soybeans by 2028/2029

- **50% will come from Brazil**, where the area will grow from 36.5 million to 45 million hectares

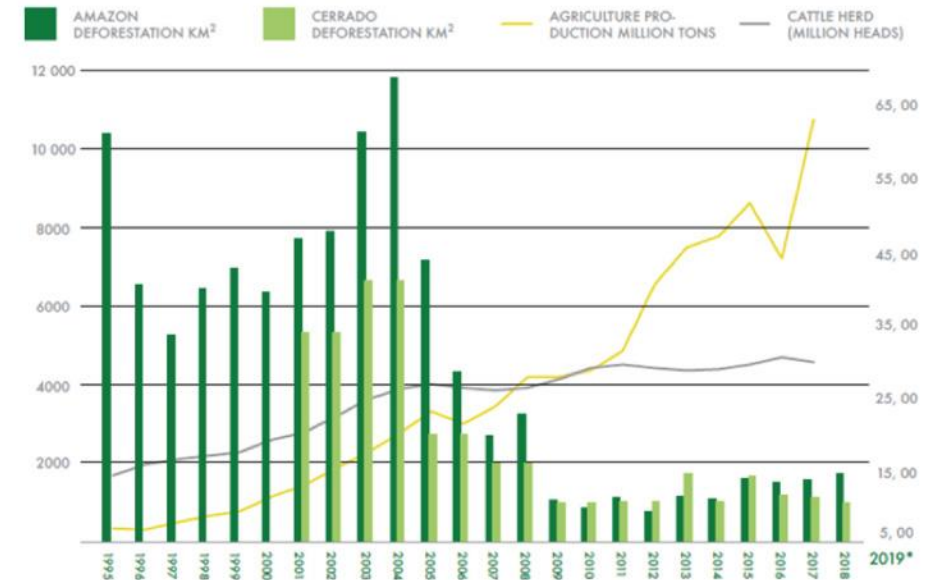
Source: Rabobank



Potentially, 14,6 million hectares of pastures in Mato Grosso could be transformed for soy production

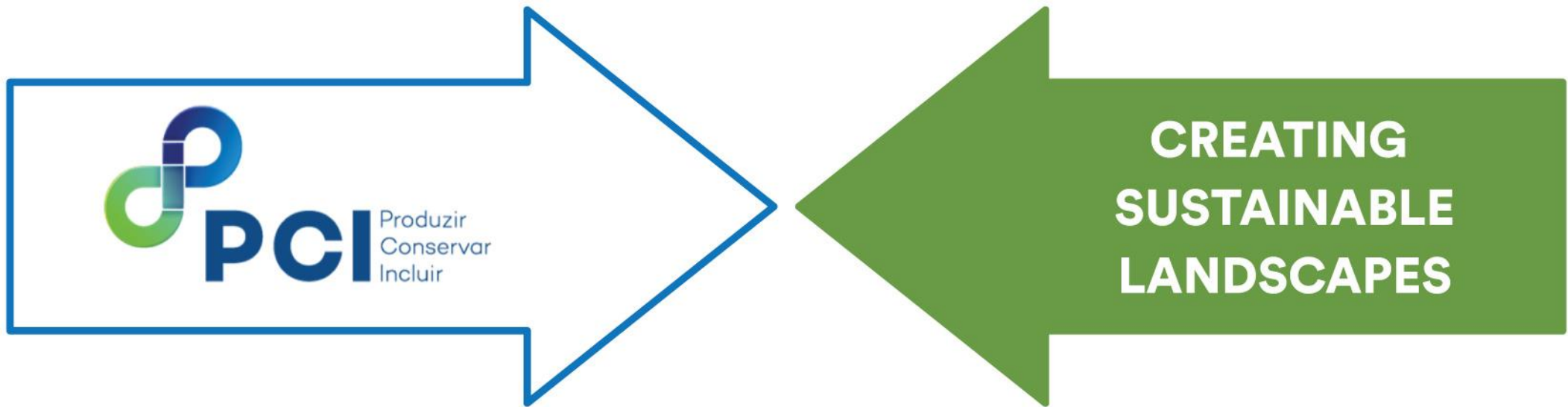


REDUCED DEFORESTATION AND INCREASED PRODUCTIVITY IN MATO GROSSO



THE CHALLENGE

Going beyond **supply chains** and
creating **sustainable sourcing regions.**



MATO GROSSO STRATEGIC PARTNERSHIPS



- Supports PCI and PCI compacts implementation.
- Finance field projects to expand responsible soy



- Enforcement of deforestation control
- Field projects to expand responsible soy
- Smallholders and indigenous communities



- CAR implementation



- Land tenure



- Dialogues-Convening



Certification is (i) an **effective instrument to connect companies and producers operating in an area** and (ii) a **direct incentive to producers and to jurisdictional approaches.**

CORPORATE ACTION TAKING PLACE IN MATO GROSSO

- Offtakers demanding certified products (Ex. Denofa)

- Companies committing to jurisdictional initiatives (Ex. Amaggi)

- Companies offering to buy environmental services (ex. Bayer)

- Companies working on technical assistance (ex. Syngenta)

- Companies co-financing projects (ex. SCF)

- Companies creating funds for conservation (ex. Cargill)

Shared Vision
Planning
Monitoring
Governance

Actions & Incentives
Certification
Assistance
Preferential sourcing
Investments

Sustainable
producing
region

One of the objectives of the
PCI Sorriso is to **encourage
and increase** the RTRS
certification due to its
impact at territory level

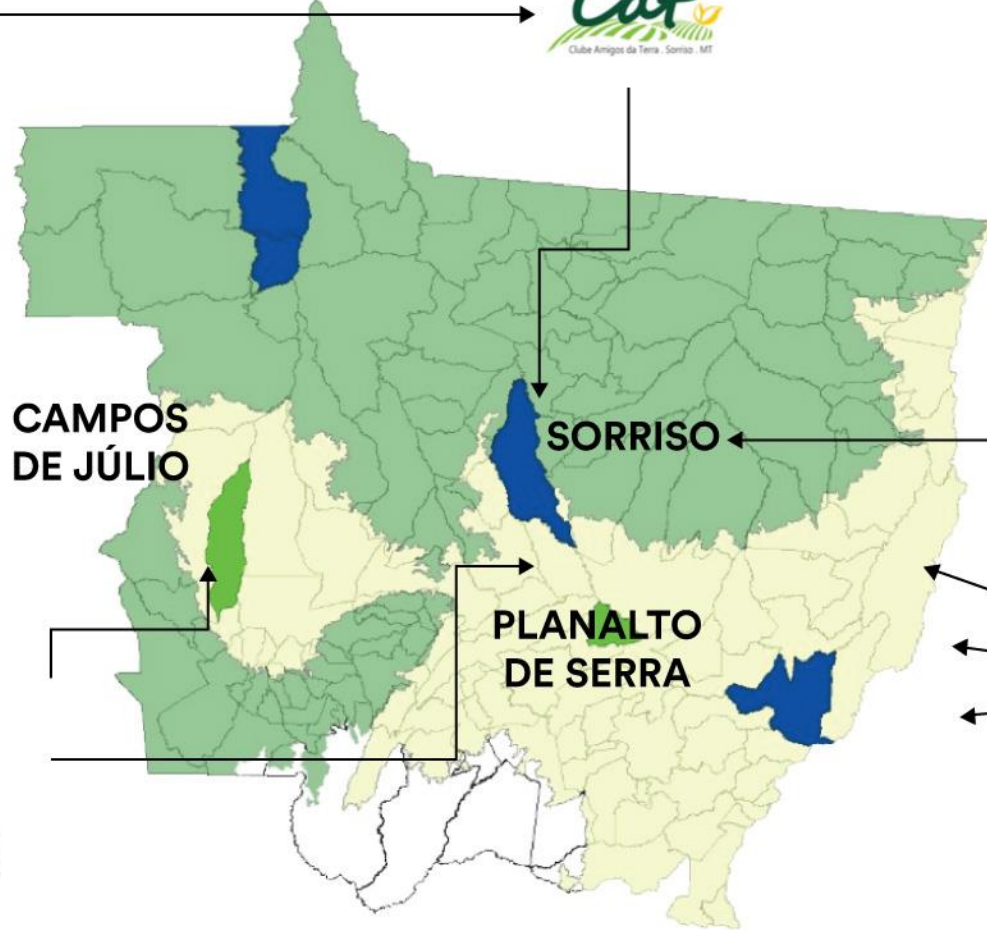
**TRANSFORM
REGIONS/AREAS**



CORPORATE ENGAGEMENT

COMPANIES ENGAGED IN PCI COMPACT SORRISO:

- Cofco
- Bayer
- Carrefour
- FS
- Local companies



CAMPOS DE JÚLIO

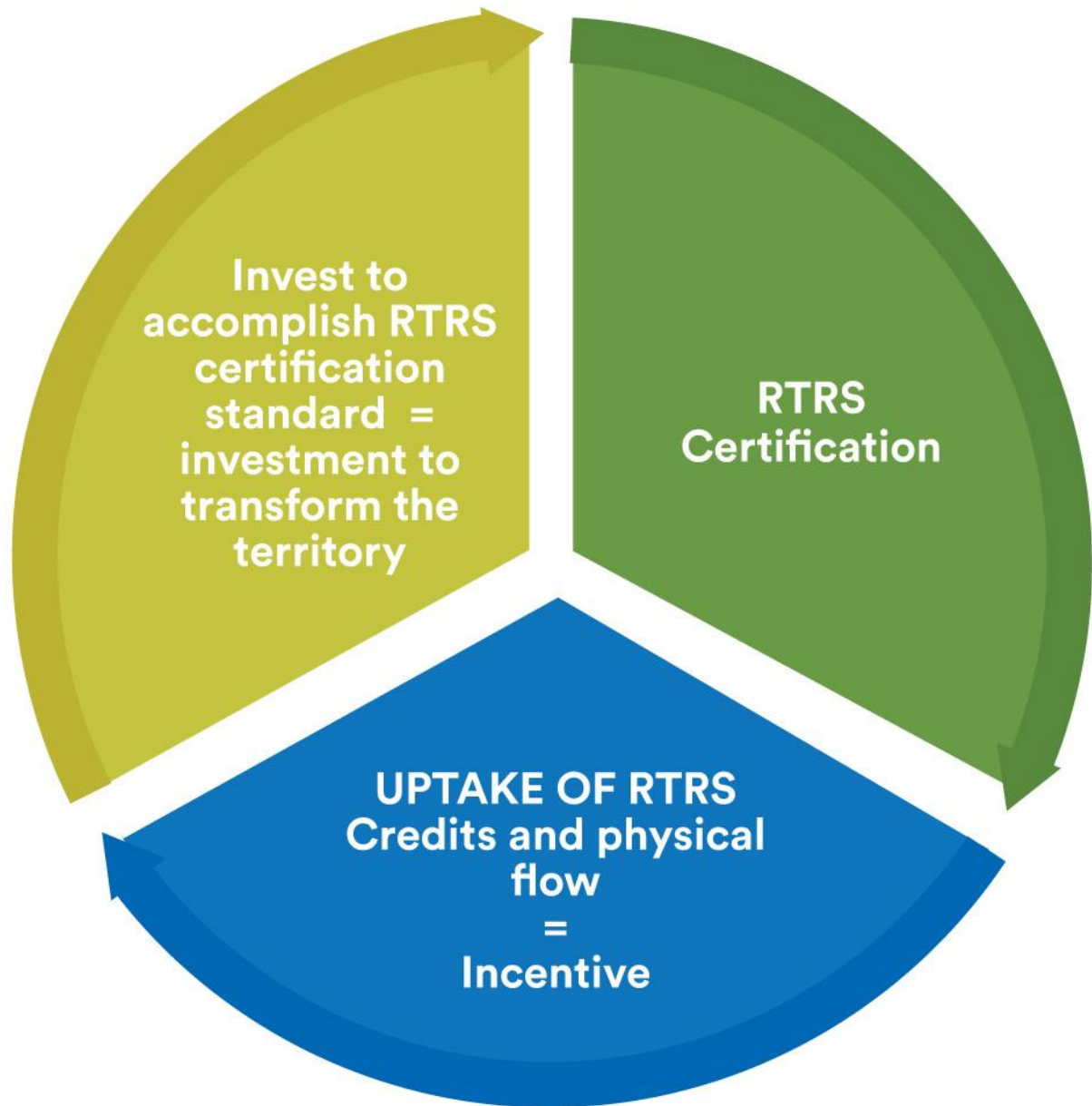
SORRISO

PLANALTO DE SERRA



BUYERS OF CERTIFIED PRODUCT





PCI – PACTO SORRISO

Within a Group Certification (RTRS) in a specific territory/region, group managers/producers can invest in the actions and activities beyond soy production and beyond the certified farm.

This is that for the accomplishment of the several indicators of the certification scheme, producers have to perform several activities of such relevance that end **changing the territory the whole.**



The role of supply-chain initiatives in reducing deforestation

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A major reduction in global deforestation is needed to mitigate climate change and biodiversity loss. Recent private sector commitments aim to eliminate deforestation from a company's operations or supply chain, but they fall short on several fronts. Company pledges vary in the degree to which they include time-bound interventions with clear definitions and criteria to achieve verifiable outcomes. Zero-deforestation policies by companies may be insufficient to achieve broader impact on their own due to leakage, lack of transparency and traceability, selective adoption and smallholder marginalization. Public-private policy mixes are needed to increase the effectiveness of supply-chain initiatives that aim to reduce deforestation. We review current supply-chain initiatives, their effectiveness, and the challenges they face, and go on to identify knowledge gaps for complementary public-private policies.

Growing public concern about the contribution of forest loss to climate change and biodiversity decline has spurred new initiatives by private sector actors to eliminate deforestation from their operations and supply chains. These efforts include the adoption of aspirational goals by single companies or coalitions of actors, corporate codes of conduct and sustainability standards that, in some cases, are implemented through certification schemes and moratoria. Convergence with public-sector goals to reduce emissions from deforestation and forest degradation, and increased pressure from civil society, have created a window of opportunity for increasing the scope and impact of private sector zero-deforestation commitments.

The number of private commitments to reduce deforestation from supply chains has greatly increased in recent years, with at least 760 public commitments by 447 producers, processors, traders, manufacturers and retailers as of March 2017¹. These sustainability pledges are part of corporate social responsibility strategies that have been embraced by companies to meet society's expectations^{2,3} and of growth strategies to improve branding and consumer loyalty, reduce reputational risk, increase market shares and profits^{4,5}, mitigate potential losses of critical environmental services⁶ and ensure long-term supply⁷. However, whether a commitment leads to measurable reductions in deforestation depends, in part, on corporate motivation. If the primary motivation is image building or decreasing reputational risk, companies are likely to emphasize communication of vague or easy-to-achieve goals, with little

on-the-ground impact. If instead companies are truly motivated to make their business more sustainable, then transformations of their supply chains are more likely, with impacts on land use. Some companies also participate in collective commitments. For example, 60 public, 59 private and 73 civil society actors have pledged, as part of the 2014 New York Declaration on Forests (NYDF), to at least halve the rate of natural forest loss by 2020 and strive to end natural forest loss by 2030. Under the same declaration, corporate actors pledged to end deforestation driven by major commodities by 2020 or sooner⁸. Similar actors also participate in the Tropical Forest Alliance 2020 (<https://www.tfa2020.org>), a public-private effort to reduce deforestation-related emissions from major global supply chains.

Understanding the implementation and effectiveness of these zero-deforestation commitments is challenging because: (1) they involve a wide range of companies, commodities, supply chains and geographies⁹; (2) they are diverse in their wording, scope, timelines for implementation and level of transparency; (3) many are recent, which limits the availability of evidence on their outcomes; and (4) they interact in synergistic or antagonistic ways with public and multi-stakeholder efforts¹⁰, which makes it difficult to assign responsibility for changes.

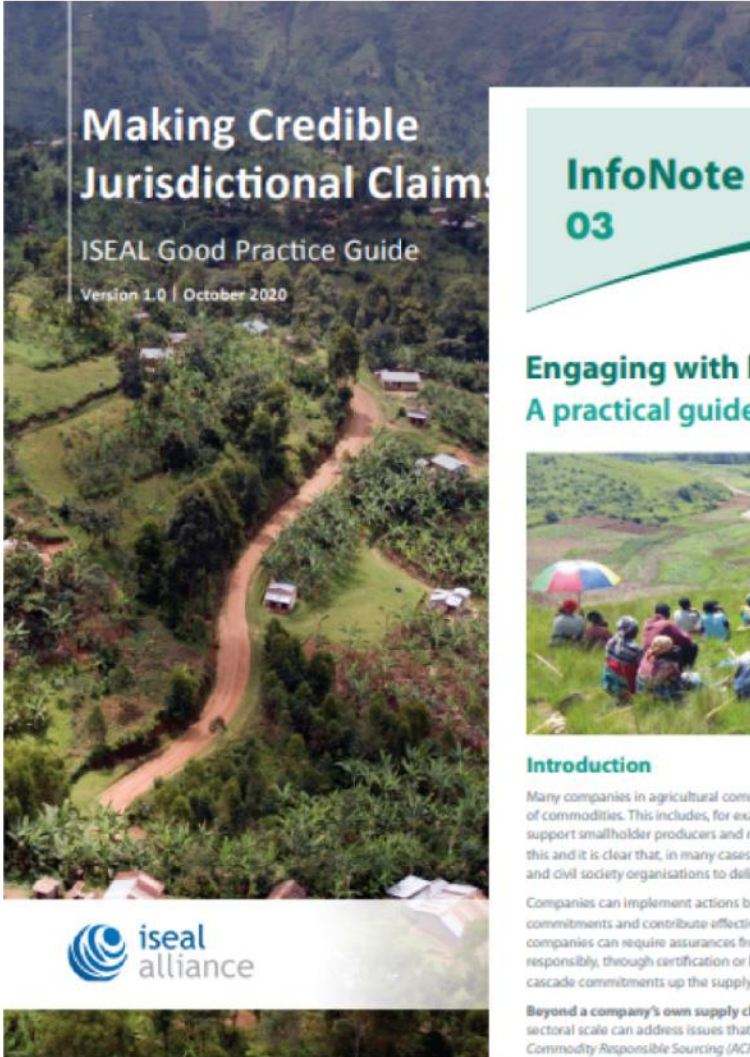
Guidance is needed to inform the design, implementation and monitoring of these supply-chain initiatives to reduce deforestation. Here we ask: what are these initiatives? Are they effective? And are they sufficient to reach their goals? What challenges do they face

NATURE CLIMATE CHANGE

Conclusion

initiatives influence commitment effectiveness. Public and private environmental policies need to complement and reinforce each other rather than fragment efforts. In a remarkable development, many private-sector actors have made commitments to eliminate deforestation from their supply chains. The eventual success of this ambition requires mechanisms for effective on-the-ground implementation and policies from the public sector that create the foundation for effective environmental governance.

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Engaging with landscape initiatives
 A practical guide for supply chain companies



Introduction

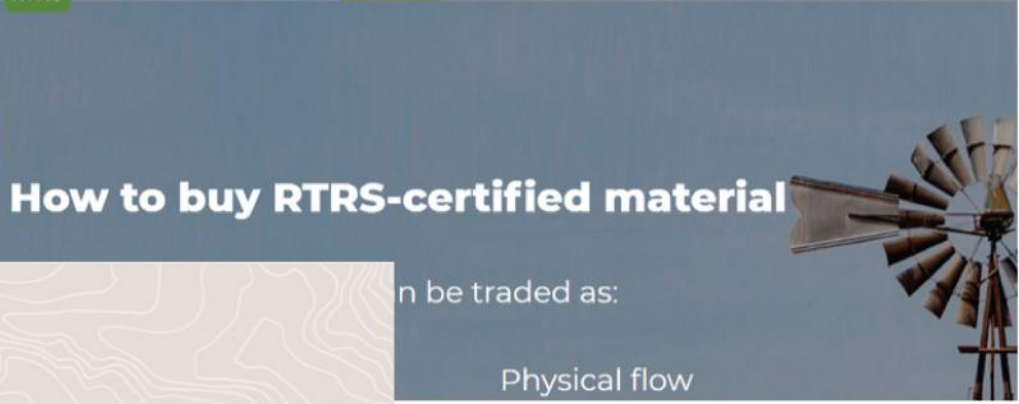
Many companies in agricultural commodity supply chains of commodities. This includes, for example, taking action to support smallholder producers and respect human rights. This and it is clear that, in many cases, they need to collaborate with civil society organisations to deliver their commitments. Companies can implement actions both within and beyond their own supply chains and contribute effectively to sustainable development. Companies can require assurances from their suppliers to ensure responsible sourcing, through certification or legal assurance. Companies can cascade commitments up the supply chain, driving change beyond a company's own supply chain. Collaboration at a sectoral scale can address issues that require collective action. Commodity Responsible Sourcing (ACRES), Proforest Responsible Sourcing (ACRES), Proforest Responsible Sourcing (ACRES) opportunities to collaborate with other actors in production, engagement and ownership, and increases the likelihood of long-term sustainable development.



Landscape Scale Action for Forests, People, and Sustainable Production

Landscape Scale Action for Forests, People, and Sustainable Production: A Practical Guide for Companies

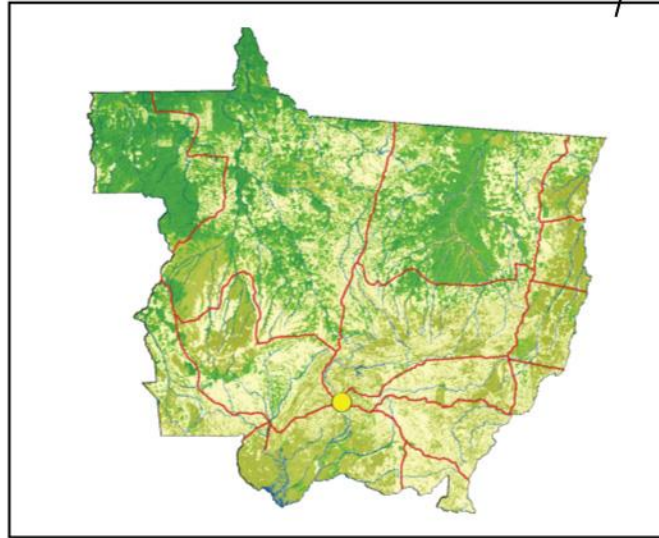
How your company can



SourceUp[®]

The cooperation platform for supply chain sustainability changemakers

CARBON INCENTIVE POSSIBILITY



1. Measure footprint

Average emissions
(fuel, fertilizers,
residues etc)



2. Reduce footprint

Good practices,
restoration etc



3. Compensate balance
Using jurisdictional measured
emission reductions from
deforestation

Compensation



CARBON
NEUTRAL SOY 

 INCENTIVES

EXPORTS



A large combine harvester is shown from a high angle, pouring a thick stream of golden corn into the trailer of a red tractor. The scene is set in a vast, flat agricultural field under a clear sky. The background is a soft, hazy landscape with a few trees on the horizon. The overall color palette is dominated by the green of the sky and the golden yellow of the corn.

THANK YOU

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PCI

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RTRS