



Collaborative
Soy
Initiative

Webinar 02.06.2021

The volatility of the soy market: sustainability
impact of changing price and premiums



Welcome!



Agenda



Welcome and introduction

Emese van Maanen, MD Proterra Foundation &
Heleen van den Hombergh, coordinator CSI

Volatility and sustainability in soy, A kick-off vision from Solidaridad

Gert van der Bijl, EU Policy Advisor, Solidaridad Europe

Non-GMO Soybean Engagement

Frank Gauger, Agraria European representative

Farmers challenges

Ricardo Arioli Silva, Soja livre

End user demand

Will Schreiber, 3Keel, Retail Soy Group



Collaborative Soy Initiative

Vision: 100 % conversion free sustainable soy
production and market uptake
Information sharing and creating synergy

Mission Collaborative Soy Initiative



- + To inform about the actions that are already on-going
- + To facilitate collaborations between diverse stakeholder initiatives and actions
- + To come up with new actions that are not done yet, relevant to the 'information' and the 'synergy' mission



SYNERGY:

“Meta meetings” between existing regional and global sustainable soy initiatives. Joining hands to overcome hurdles together on the bumpy but enlightening road to conversion free sustainable soy.

We are stronger together recognizing the role of each initiative, and the different angles towards change.

From setting the standards for responsible soy, to strengthening their market uptake to creating more positive impact in landscapes.

Working with stakeholders at multiple levels.

“Working Groups” to deal with tangible practical challenges and engage new stakeholders.

INFORMATION



“Info hub” on sustainable soy such as reports, benchmarks, sourcing guides and tools. Linking to the work of many other experts and organizations.

“Information webinars” to share info and insights to a wider audience. Eg deforestation free production, dealing with land use/carbon footprint, the EU policy & taxonomy on green finance and its relevance for soy.

TODAY'S INFORMATION WEBINAR



Today's topic, brought in by ProTerra, an active CSI Steering Group member, is a very relevant one:

Matching requirements and the necessary incentives for producers by dealing with soy volatility.

How does this volatility affect sustainability and how to overcome this hurdle?

I wish you an interesting hour, and do join the follow up dialogue session on July 1st (check)



Collaborative Soy Initiative

Thanks! Heleen van den Hombergh
coordinator@thecollaborativesoyinitiative.info

thecollaborativesoyinitiative.info

Why are we organising this webinar?



Volatility

- Premiums
- nGMO shortage

Sustainable supply chains

- LTAs
- Environmental services
- Communication and planning to fulfil company commitments

VOLATILITY AND SUSTAINABILITY IN SOY

A KICK OFF VISION FROM SOLIDARIDAD

Collaborative Soy Initiative , 2nd of June 2021

Gert van der Bijl

EU Policy Advisor

Solidaridad Europe

Brief introduction

Gert van der Bijl, EU Policy Advisor **SOLIDARIDAD**



- Economist, worked 20 yrs in Dutch agricultural sector
- With Solidaridad promoting sustainability in several supply chains (incl soy) since 2009
- Member of Executive Board of RTRS 2011 - 2015
- **SOLIDARIDAD** : international network organization with field projects in more than 30 countries
- including soy projects in Brazil, Paraguay, Argentina, Bolivia, India, China, Indonesia, Bangladesh, Mozambique, Malawi & Zambia

Volatility and sustainability in soy

Overview presentation

1. The problem of Volatility

1. Soy prices and Sustainability

1. Making sustainability work for farmers: the need for long term partnerships

“ONLY FARMERS CAN CHANGE FARMING” (Chris Wille)

If commitments are not embedded in farmers perspectives, they become like yelling at your TV hoping your team will win



The problem of Volatility

ProTerra web article *February 19, 2021*

The non-GM production: how volatility is killing the supply chain in Brazil

- Rapid reduction of non-GM production in the recent years (from 5% in 2018 to 2% in 2021). The main causes include the lack of incentives to farmers, commercially speaking: the non-GM premium prices were not attractive enough.
- The main difference between buyers, farmers and seed developers relates to time: buyers work on maximum one year long premium agreements, farmers need at least twice as much time in advance to produce the demanded volumes and seed developers must have a minimum of three years ahead to supply farmers with the required seed quantities. This imbalance has further deepened the price fluctuation strategy.

The problem of volatility

on the other side: retailers / buyers



- Meeting with retailers in Europe around 2014 (?): retailers very concerned about supply of non-GM soy from Brazil drying out in a few years.
- When I asked them what they did to convince farmers to continue growing non-GM in the future, the reaction:

“Not much we can do,, we buy from year to year from product suppliers , they need to organize it “

The problem of volatility

two examples from Solidaridad practice

1. Soy sustainability project in Brazil a couple of years ago with a brand and a trader. The brand expecting the trader to convince farmers to produce more sustainable. With trader saying: how are we going to do that? If we support farmers , we run the risk they sell the sust. soy to our competitors next year. So why would we do so?
1. At the moment: starting project in Chaco in Argentina to promote more sustainable soy production, including RTRS certification. with many farmers saying: many farmers did not sell their certificates, there is still a surplus from recent years, so why certify / what is in it for me?

Changing to sustainable practices has costs and benefit

Things will only change if farmers are convinced that sustainable practices are in their own best interest

- This is not only true for non GM , but for any type of more sustainable production:
 - organic soy production: often lower yields and 2-3 years without higher prices
 - non GM comes with costs and risks
 - more sustainable (RTRS / ProTerra) can bring higher production costs or restrictions (e.g. on expansion)
- **Supply chain cost sharing complicated in soy chain: long supply chain and hardly long term relations**

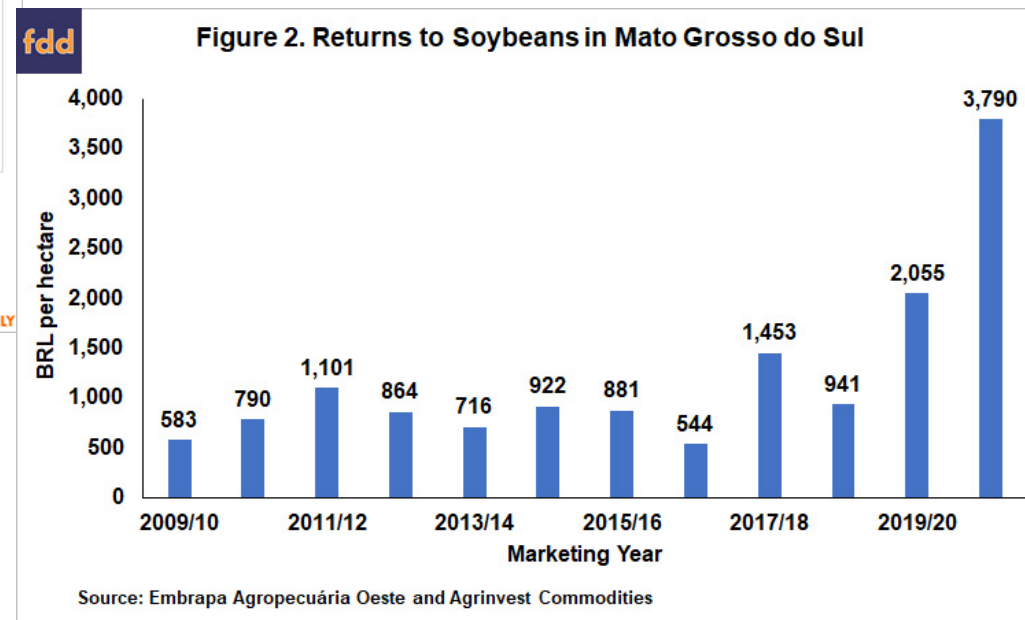
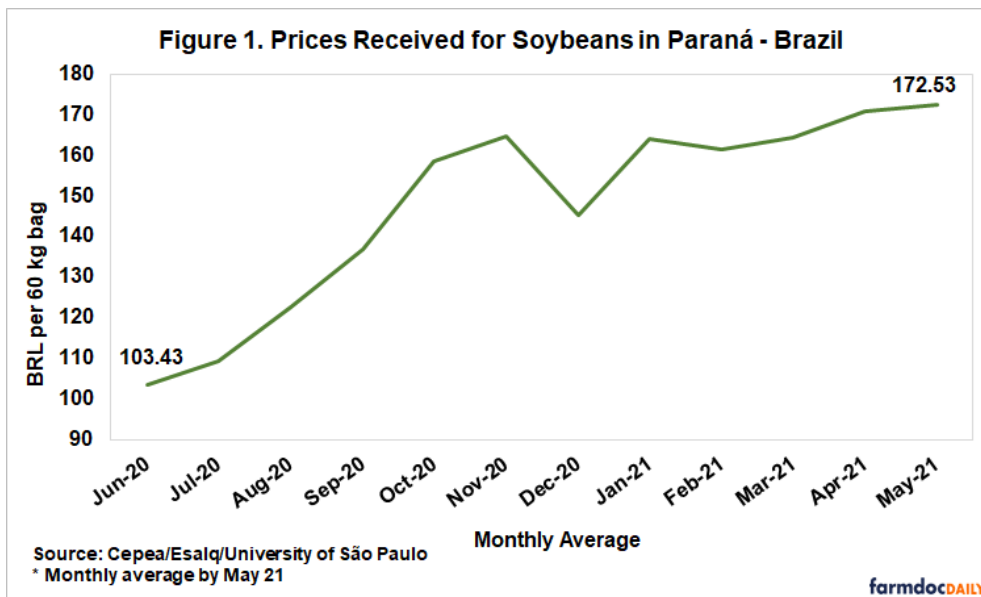
Soy price and sustainability

Farmers in the red can not be green

- Talking about prices: One thing often said: A farmer operating in the red cannot think green. Which is true: when product prices are good, farmers also have money to invest in sustainable practices like cover crops, machinery to work on precision application of inputs, and buy less aggressive pesticides for example.
- In Brazil producers can better manage their legal reserves of natural vegetation or recover degraded areas. Or take risks to invest in organic or non-GM farming.

Prices are now at historically high level

data for Brazil (in reais): prices and return



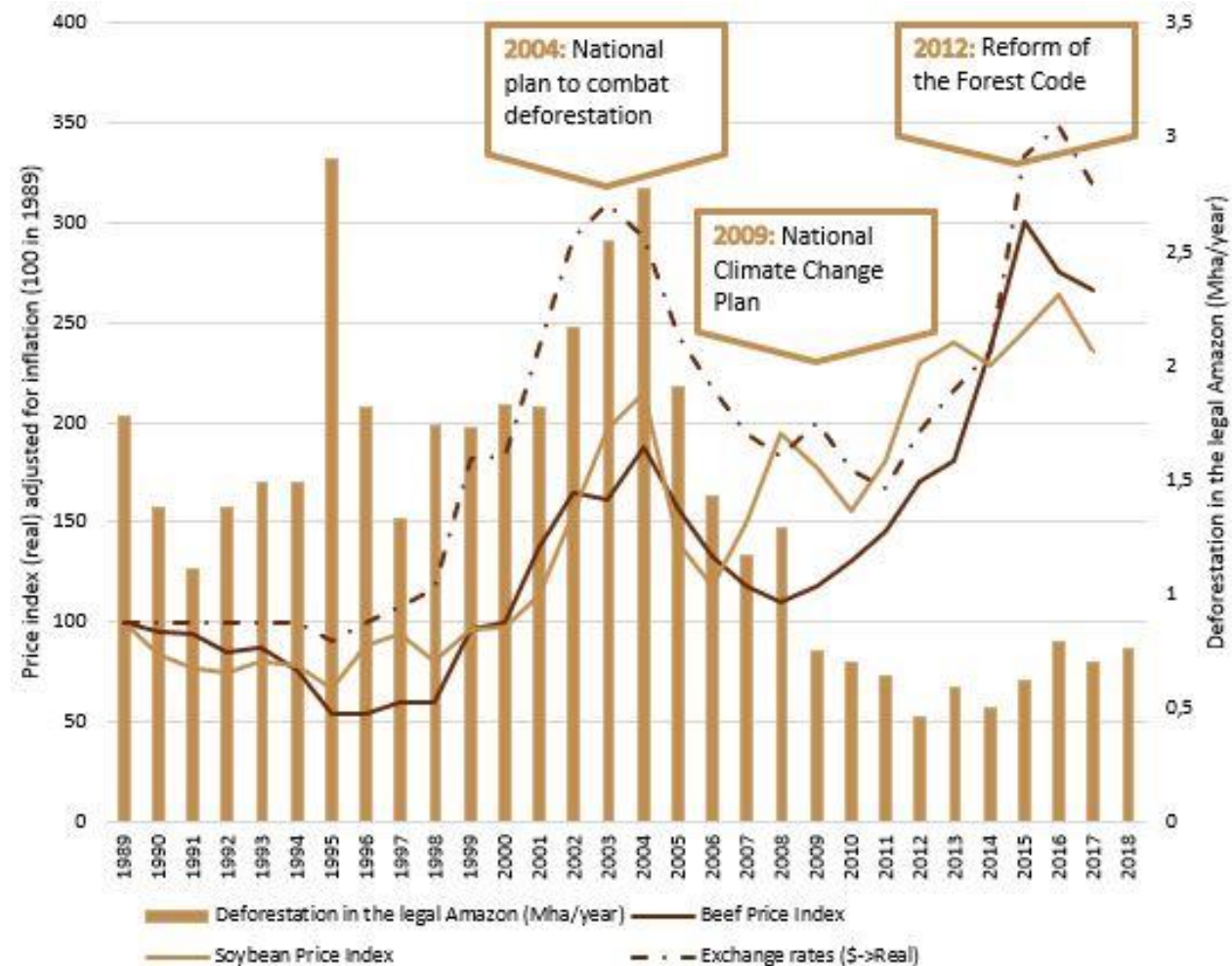
Soy price and sustainability

does high price mean that farmers will produce sustainably?

- Does that mean that if prices are high, farmers will automatically become more sustainable?. *I am afraid not.*
- Higher prices may also stimulate higher input use.. Prices have make it economically more interesting to expand with farmers buying land to increase their production + converting natural vegetation
- In Argentina upward soy prices early 2000s led to an increase of almost "monocultural" practices at farm level, although farmers knew of the negative impacts on soil life.

Soy price and deforestation

10 yrs ago, direct link between soy price & Amazon deforestation, but after 2010 this changed



Making sustainability attractive for farmers

only farmers can change farming

- Making sustainability financially attractive to farmers has several aspects:: costs, income foregone and on the other side possibly higher income for sustainable production.
- Many farmers heard a lot of talking about payments for environmental services, reduced interest rates for sustainable production or carbon payments. But most farmers have not seen much or anything of this.
- Things seem to be improving, but many farmers have had difficulty in selling their RTRS certificates, making it difficult to convince farmers to certify.
- in the end: premiums is not the right word; it should be about joint supply chain responsibility to share costs and to internalize costs of sustainability

Working towards long term partnerships

Things will only change if farmers are convinced that sustainable practices are in their own best interest

- Change requires long term partnership. And this is difficult in the soy supply chain that is governed mostly by spot markets and where enduring relations are scarce.
- We can only realize a sustainable sector transition through long term relations
- With the continuing huge demand from Asia, soy has become a sellers market. If buyers want to promote sustainability, it may not always be easy to convince farmers to work on long term relations: 'hard to get'

Conclusions from CGF on improvement in soy sustainability

from Consumer Goods Forum website

1. One of the main findings from the review of the 2010 resolution: that there is a limit to progress that can be made by focusing only on individual supply chains.
1. Soy supply chains are very dynamic, and there are constant changes in the supply base as buyers respond to the fluctuating market and price changes. Consequently, contrary to palm oil for instance, long-term contracts with producers and clear aggregation points are not usual in the soy supply chain
1. Focus on positive engagement with suppliers/traders and in landscapes where action is most needed to promote continuous improvement in high priority origins

Promising steps

some examples *(far from exhaustive)*



- **Impact Incentives:** multi year cooperation between certified farmers and certificate buyers
- Cooperation between Bunge, Banco Santander & TNC for 10 years sustainability loans
- **SOS Cerrado** funding by TESCO, Grieg & Nutreco

More is needed

long term cooperation key

- long term cooperation between farmers and landscape actors with all stakeholders in soy supply chain (trade - feed - brands & retail)
- can be combined with traceable physical supply chains or certificates
- not premiums but focused on internationalisation of sustainability and creating business models for sustainable farming
- including financing, carbon credits
- **ONLY FARMERS CAN CHANGE FARMING**

Shouting at your team won't change the game

Only cooperation will





INSTITUTO
SOJA
LIVRE

10 ANOS

CULTIVANDO
SUA LIBERDADE
DE ESCOLHA

MATO GROSSO STATE - WHERE WE ARE ?

RIGHT IN THE MIDDLE OF SOUTH AMERICA



Area: 903.353 km². (90,3 million hectares)

- 3rd largest in Brazil

Population: 3.3 million

- 3,4 inhab/km²

Capital: Cuiabá

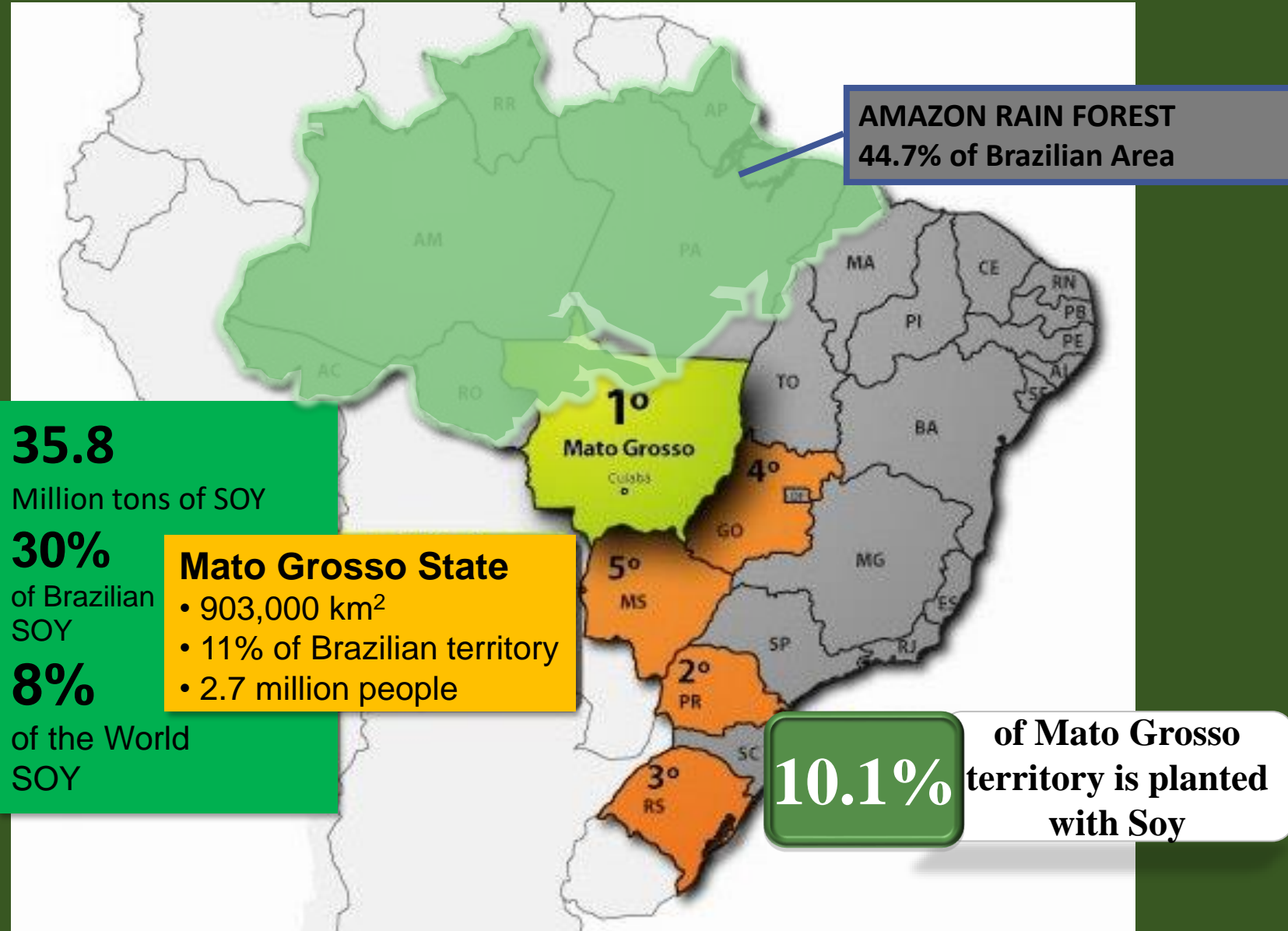
Municipalities: 141

3 Ecosystems:

Cerrado, Pantanal, Amazon Forest



SOYBEAN RANKING in BRAZIL



35.8

Million tons of SOY

30%

of Brazilian
SOY

8%

of the World
SOY

SOIL USE in Mato Grosso



10.4% Agriculture



24.5% Planted Pasture



0.3% Other Uses



33.9% Preserved Areas by
Farmers – Legal Reserves



16.6% Indigenous
People Area

11.8% Areas without CAR



2.5% Public Parks and
Conservation Areas

64.8%
is PRESERVED Area

BOARD OF DIRECTORS



Endrigo Dalcin

President

Representing Aprosoja Mato Grosso



Valter Peters

Vice-president

Representing Seed Producers Association

Executive Board



Roque Ferretti

Administrative Director

Seed Ressellers



Rodrigo Brogin

Technical Director

Embrapa Soja



José Del

Finance Director

Seed Producers



Ricardo Arioli

Director for International Affairs

Federation of Agriculture - FAMATO



Eduardo Vaz

Executive Director

Fiscal Council



Estenio Faria

1st member

Trading Companies



Luiz Fiorese

2nd member

Seed Producers



Fernando Ferri

3rd member

Aprosoja Mato Grosso



Wininton Mendes

1st substitute

EMPAER Mato Grosso



Romualdo Barreto

2nd substitute

Trading Companies



José Hasse

3rd substitute

Biologic Products Companies





FOUNDERS



ASSOCIATED MEMBERS



SPONSORS



WHAT IS *INSTITUTO SOJA LIVRE*

- Works to provide to Mato Grosso State Soybean farmers a greater offer of **NON GM Soy** varieties;
- Increase the supply the farmers with “**Free Soy**” varieties with:
 - High yield potential
 - High quality
 - Other characteristics suited to the needs of the farmers and the market;
- **NON GM Soy** production was successful for over 40 years in Brazil
 - Now offers a new opportunity in production and exports, for a **Premium**

What are the Institute's Proposals?

- ✓ Guarantee the farmers access to a good option for **GM technologies**
- ✓ Increase the farmers technical and economic independence
- ✓ Keep the competitiveness of the Soybean sector
- ✓ Guarantee the supply of **NON GM Soy** to the market
- ✓ Benefit all the supply chain with this **NON GM Soy** option

Soja Livre Institute

Field Days and other events showing Non GM Varieties



DALCIN



AGRODINÂMICA



AGROBRASÍLIA



**CONGRESSO
BRASILEIRO DE SOJA**



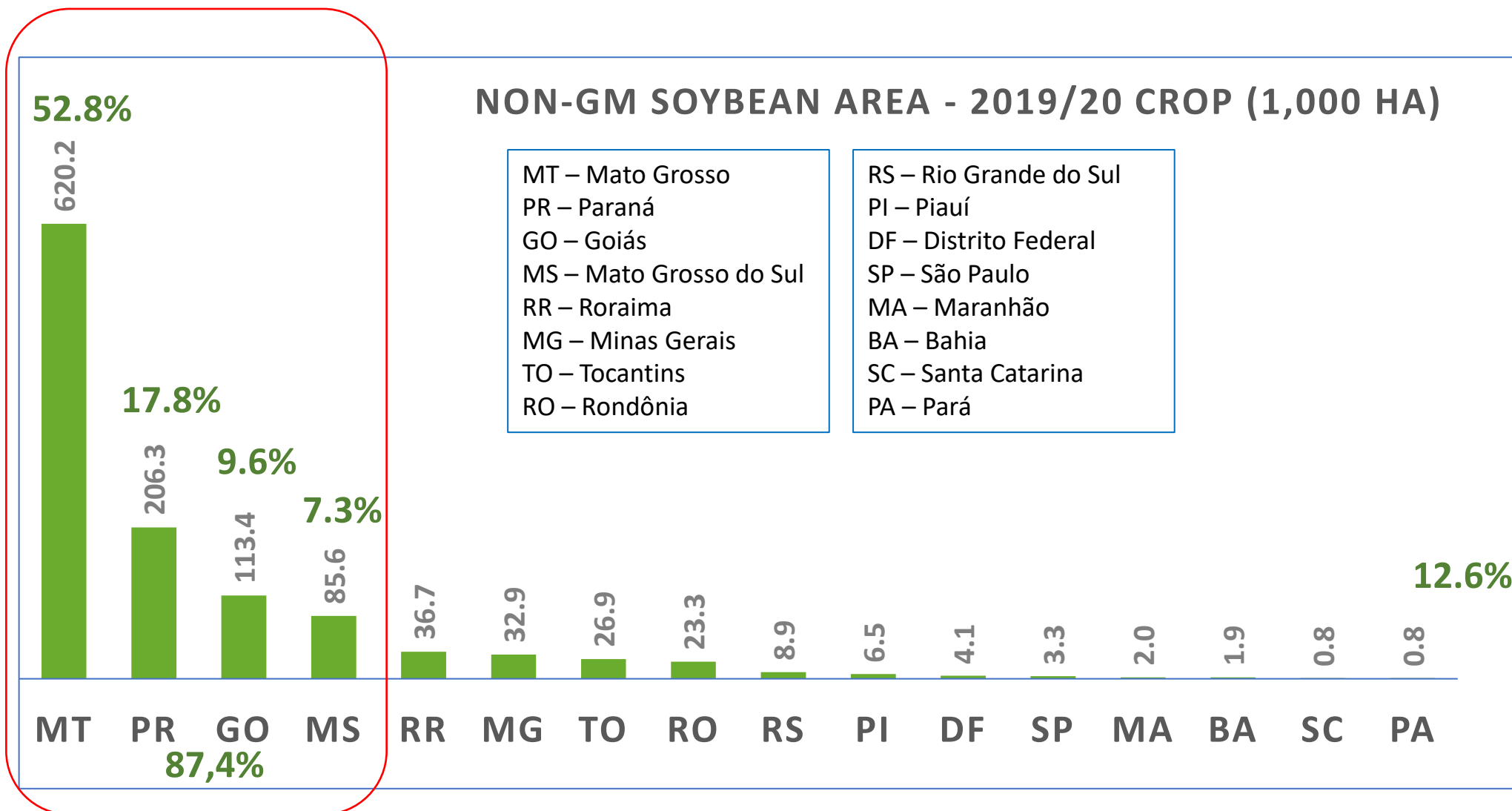
Soja Livre Institute



25

DEMONSTRATION EVENTS IN 2019

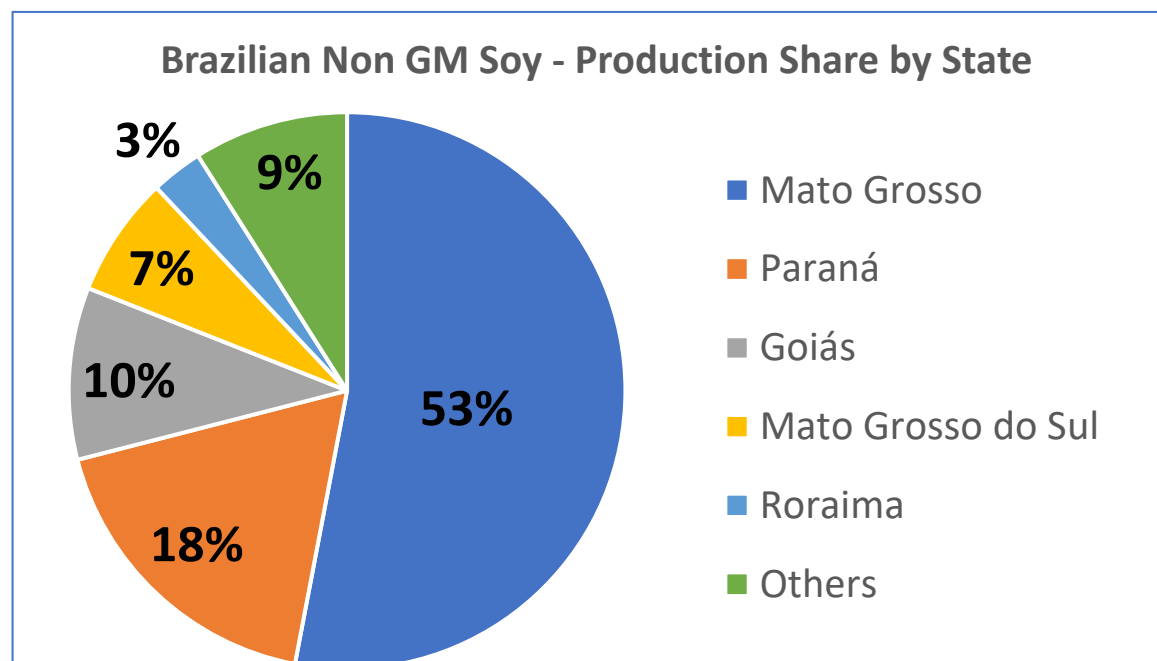
NON GM AREA IN BRAZIL BY STATE



Source: IMEA, 2020, Conab, 2020

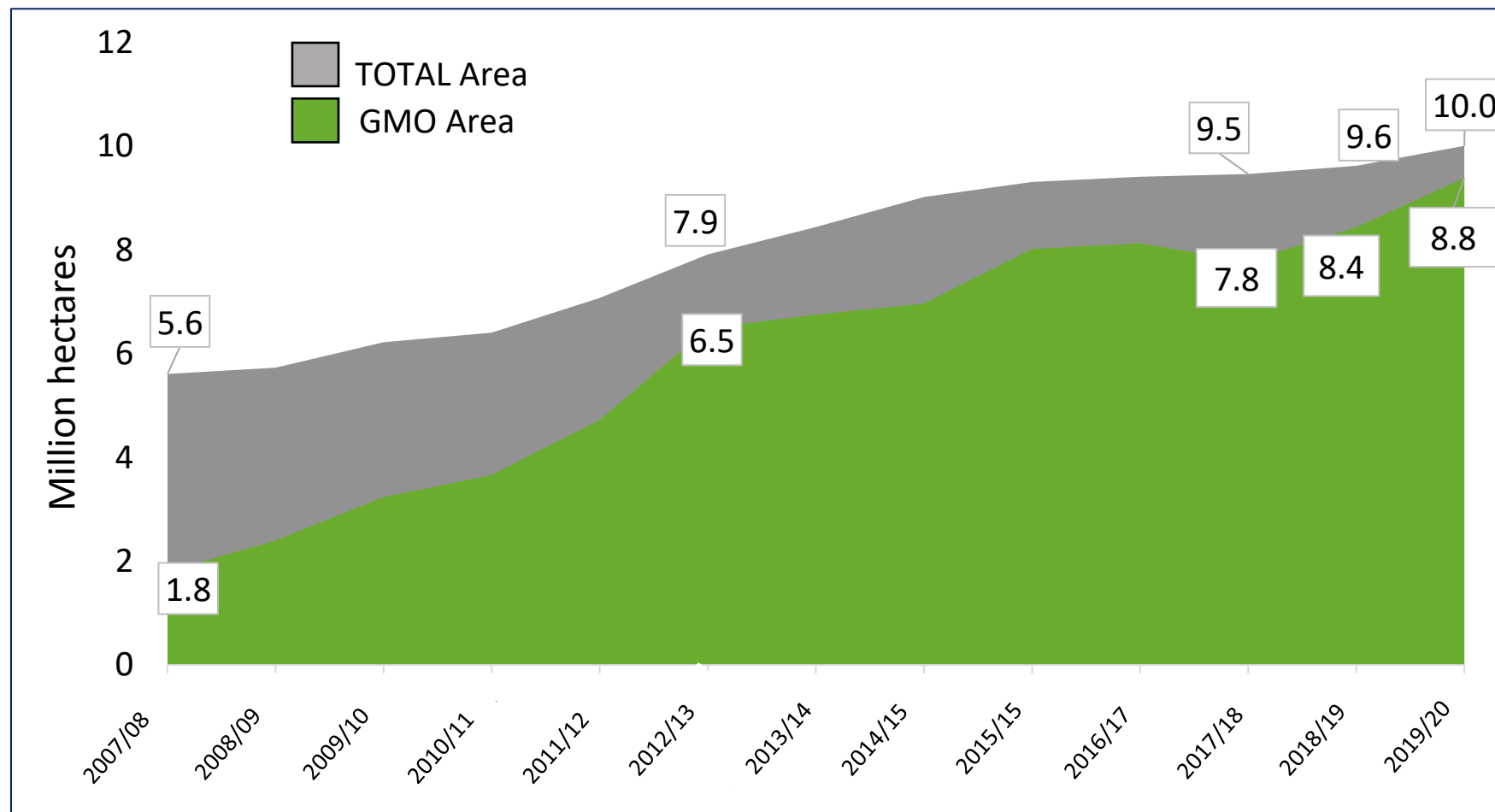
NON GM PRODUCTION IN BRAZIL

19/20 CROP YEAR	AREA (1,000 Ha)	YIELD (kg/ha)	PRODUCTION (1,000 Ha)
Total Soybeans Brasil	36,843	3,266	120,329
Non GM Brasil	1,174	3,266	5,174
Total Soybeans Mato Grosso	10,004	3,489	34,904
Non GM Mato Grosso	600	3,489	2,094



Source: IMEA, 2020, Conab, 2020

SOY AREA EVOLUTION IN MATO GROSSO STATE



GM SOY
93.8%

↑5 p.p. Year Growth



GM Technology:

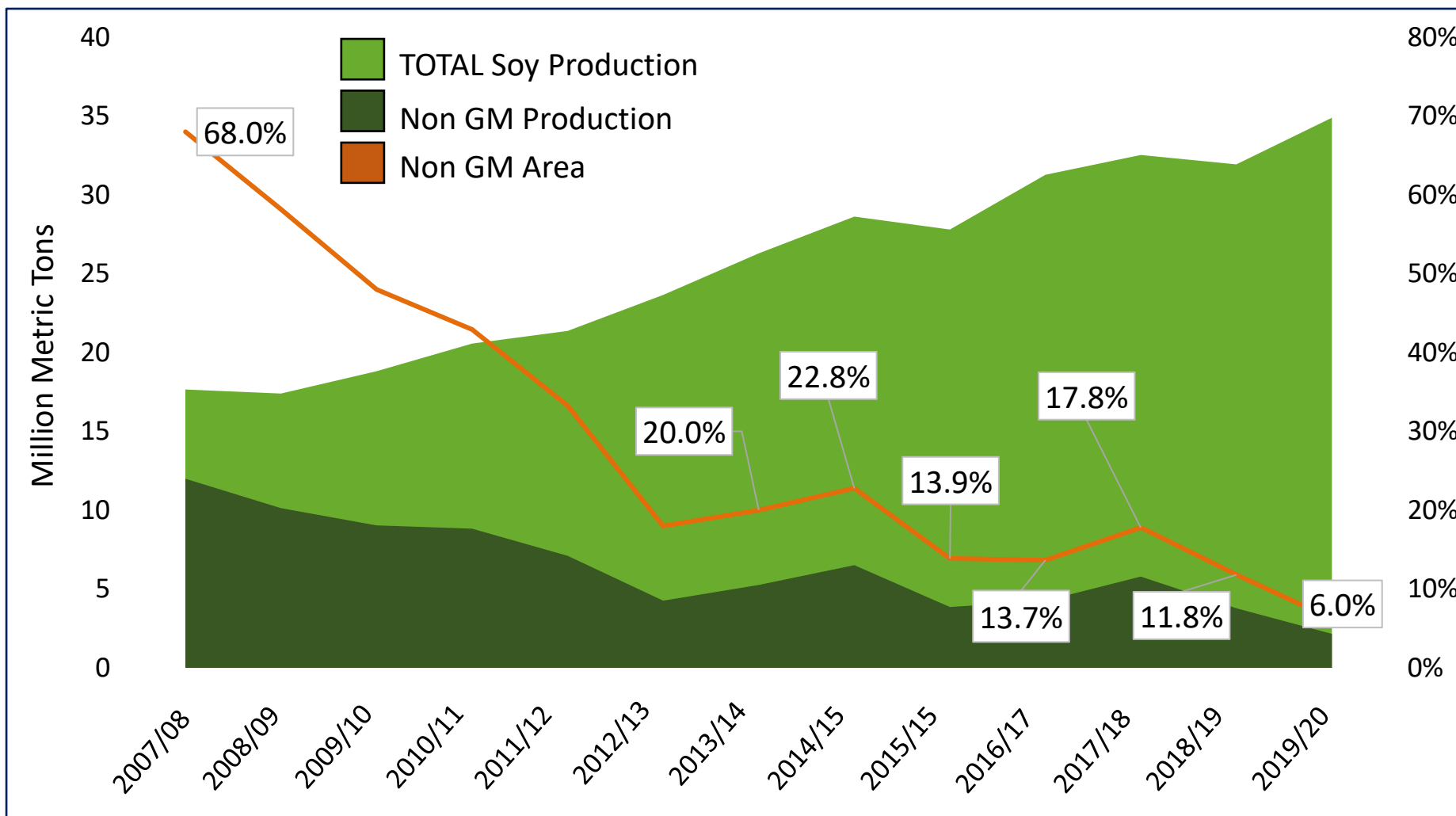
RR – 32.4%

Intacta – 67.6%

Source: IMEA, 2020, Conab, 2020

NON GM SOY in MATO GROSSO

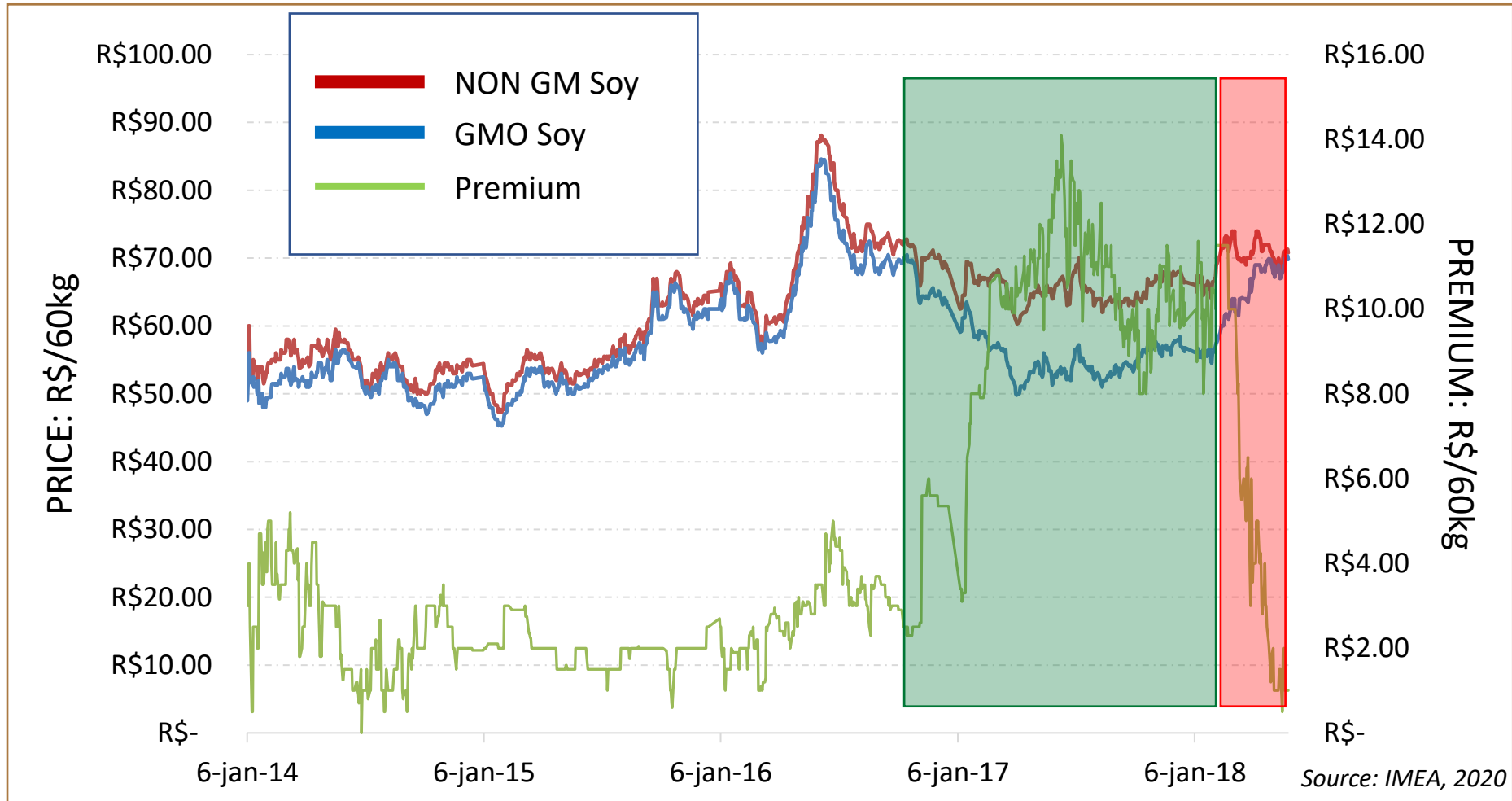
PRODUCTION EVOLUTION



*Crop Year 2020/21: 4.8% (490,000 ha)

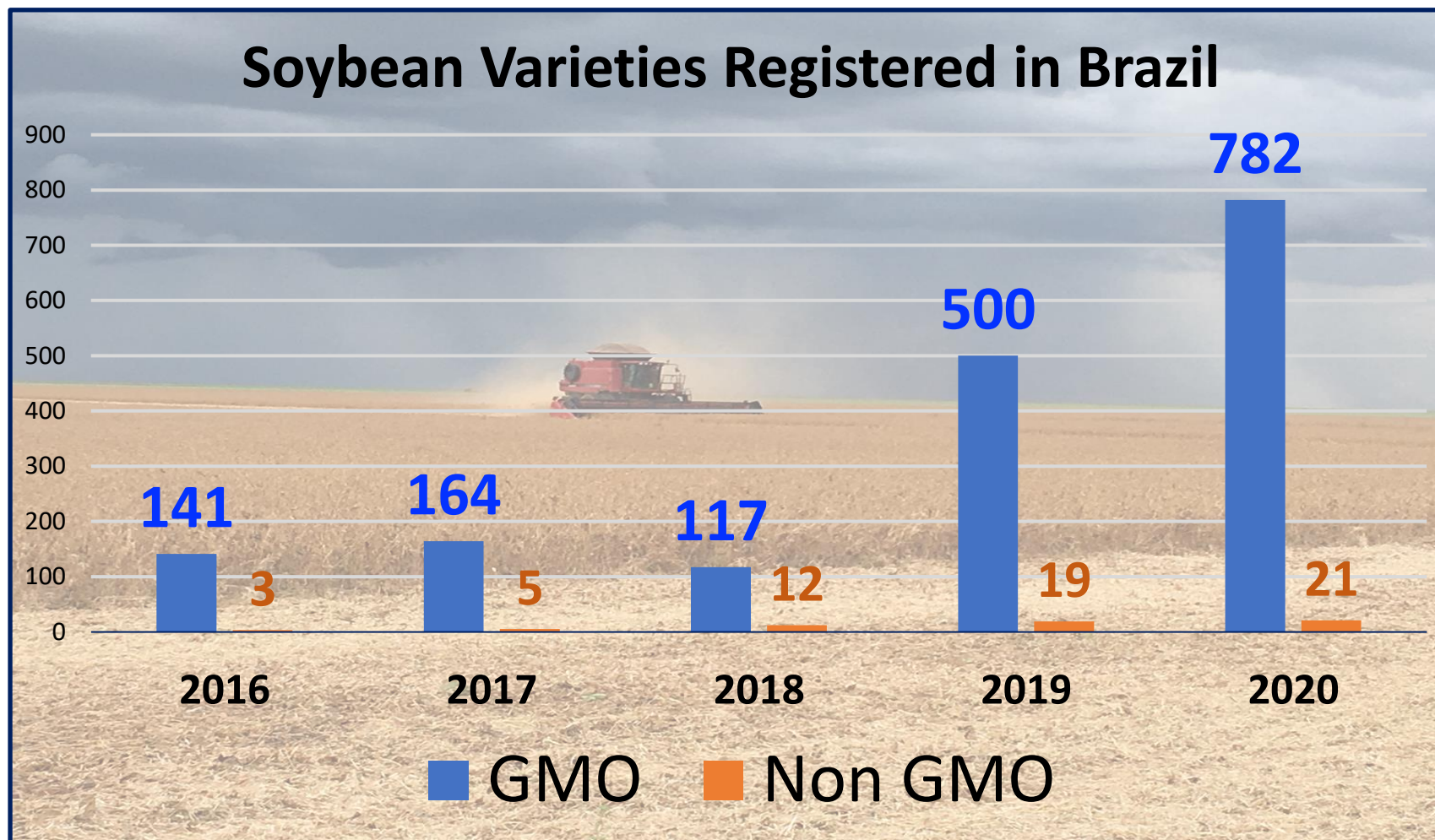
Source: IMEA, 2020, Conab, 2020

NON GM PREMIUM EVOLUTION (Sapezal, Mato Grosso State)



NON GM SOY in BRAZIL

LAUNCHING OF NEW SOY VARIETIES



OUR PROPOSALS

TO KEEP THE COMPETITIVENESS OF THE NON GM SOY SUPPLY CHAIN

1. Let's Develop a PREMIUM CONTRACT, connecting the Farmer with the European Market for NON GM

- a. The European industry is paying at least **US\$ 100 - 120/ton** as NON GM PREMIUM
- b. Brazilian farmers are getting just **US\$ 20 - 30/ton**, at the most...
- c. A PREMIUM CONTRACT will promote all the supply chain, bringing more **TRANSPARENCY** and **PREDICTABILITY** to all the chain.

OUR PROPOSALS

TO KEEP THE COMPETITIVENESS OF THE NON GM SOY SUPPLY CHAIN

2. BRAZILIAN FARMERS are ready to offer advances in the NON GM SOY CERTIFICATION

- a. Adding information about the compliance of the 59 Principles and Criteria included in the *Memorandum of Understanding*, signed in 2016 by APROSOJA and ABIOVE, with FEFAC and FEDIOL
- b. The MoU was based on **SOJA PLUS Program**, a continuous improvement Program for Brazilian farmers, offered for free by APROSOJA and ABIOVE
- c. With the extra money paid as a **PREMIUM**, farmers will invest to **increase that compliance** over the next years.

OUR PROPOSALS

TO KEEP THE COMPETITIVENESS OF THE NON GM SOY SUPPLY CHAIN

- 3. Let's work together on a GREEN BOND FINANCING for NON GM SOY?**
 - a. A GREEN BOND financing for NON GM Soy production, with lower interest rates, may be another way to promote the NON GM Soy supply chain.

INSTITUTO
SOJA LIVRE 10 ANOS

CULTIVANDO
SUA LIBERDADE
DE ESCOLHA

FOLLOW US!



soja.livre



sojalivre



soja_livre



sojalivre



sojalivre.com.br

FARMERS Non GM Soy CHALLENGES

GM Soy Field



FARMERS Non GM Soy CHALLENGES

NON GM Soy Field



FARMERS Non GM Soy CHALLENGES

NON GM Soy Field



FARMERS Non GM Soy CHALLENGES

GM Soy Field



FARMERS Non GM Soy CHALLENGES

GM Soy Field



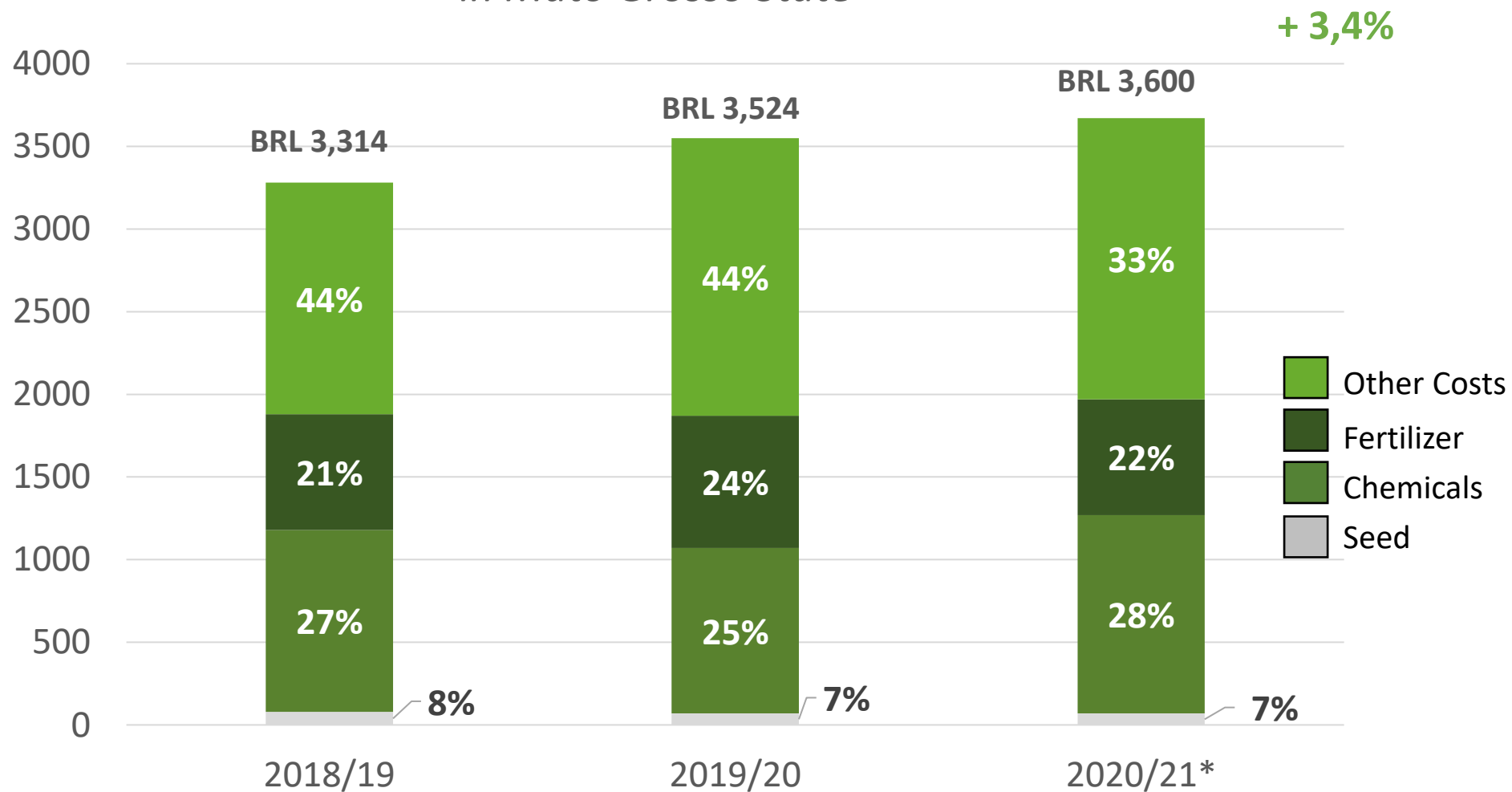
FARMERS Non GM Soy CHALLENGES

NON GM Soy Field



ECONOMIC RESULTS

Operational Cost of Production for Non GM Soybeans
in Mato Grosso State



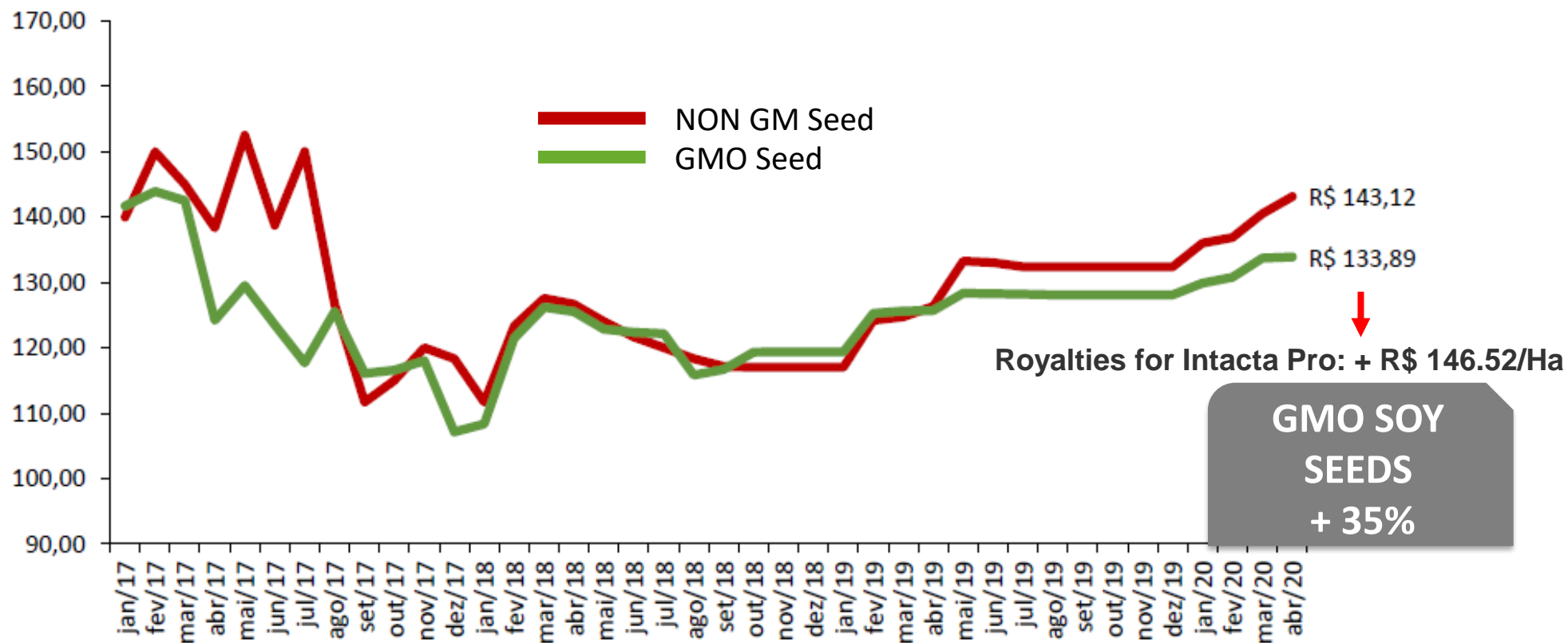
*Estimated

Cost: BRL - Brazilian Reais per hectare

Source: Imea, 2020

COMPARED SEED COST

Seed Prices Evolution for GMO* and Non GM in Mato Grosso State



*GMO Seed Prices: Royalties not included
Prices in Brazilian Reais/ Seed bag of 40 kg
Source: IMEA, 2020

Non GM Soy CHALLENGES

1. A growing demand for Non GM products in Europe
 - a. *Including Non GM Soybeans.*
2. Trend in demand growth for Sustainable Non GM Soy, due to the growing market in Europe and in the US, for Organics.
 - a. *Non GM is the closest product they can get, since the Organic production is very difficult and expensive.*
3. Farmers are reducing Non GM Soy production.
 - a. *The uncertainty of a **FAIR PREMIUM** at harvesting, to compensate the higher Cost of Production in Non GM fields, is the main problem.*
4. Soja Livre Institute is trying to promote and implement a **Premium Contract** for Non GM Soy in Europe.
 - a. *A Premium Contract signed directly with the Farmers, will promote Non GM production*
 - b. *Will bring more transparency to the prices, and more confidence to the Non GM Soy production chain*
 - c. *Including Genetic Developers, Seed Producers, Farmers, Tradings, Feed Industry and Consumers.*
5. Demand in China for Non GM Soy is also growing, and a Premium Contract may guarantee the production they will need.
 - a. *China will need to review their tolerance for Low Level Presence, a barrier to export Non GM Soy.*
 - i. *In China, LLP is 0,0%. The World Market accepts 0,1% "contamination" with GM Soy.*
 - b. *China competing with Europe for Non GM Soy may increase the prices.*
 - c. *A Premium Contract signed with Farmers will guarantee a fair price for all the Non GM Soy chain.*



Love of one's work.
Commitment to the future.

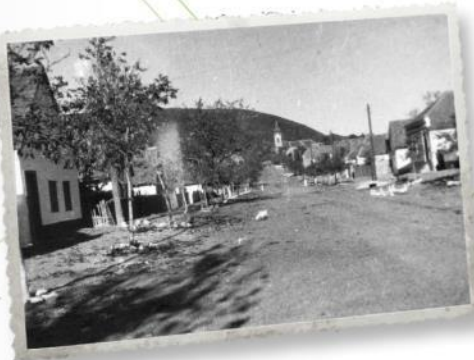
OUR HISTORY



1720

Colonization of the European southeast.

The region became Europe's grain production pole.



1944

World War II.

Danube Swabians left their Homeland.

Arrival in Austria, where they lived as refugees for seven years.



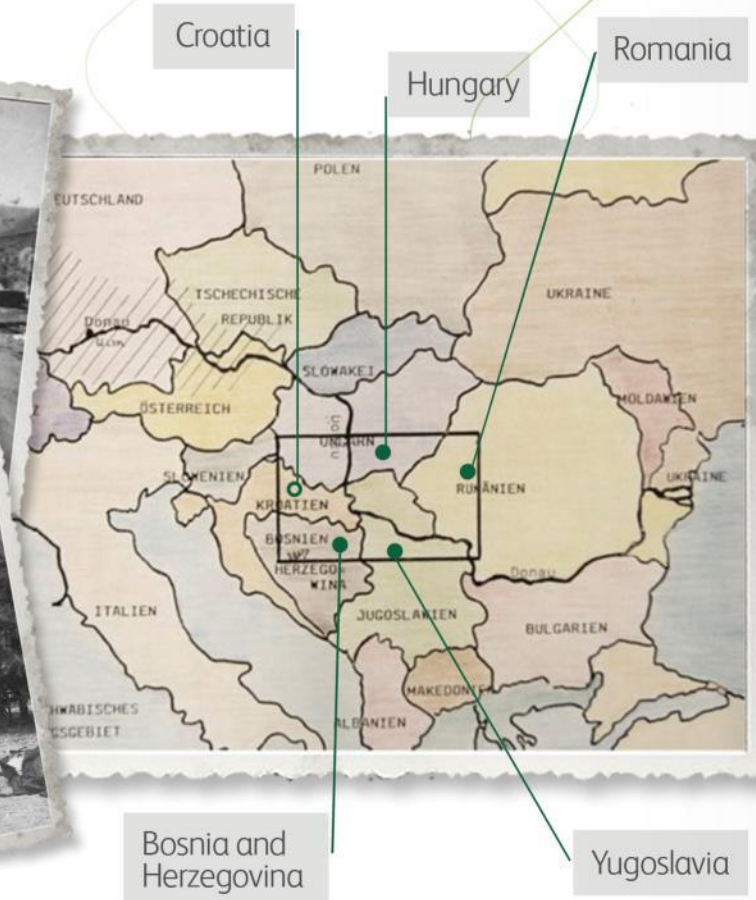
1951

Agrária was founded on May 5th, 1951 in Guarapuava.

Beginning of the immigration to Brazil. (Supported by "Swiss Aid for Europe")



OLD HOMELAND



NEW HOMELAND



Agrária Today



Agrária today

Mission

To develop, produce and sell agro-industrial products and services, adding value with appropriate technology and superior quality, seeking clients' satisfaction and respecting the individual, the principles of the cooperative movement, and the environment.

Vision

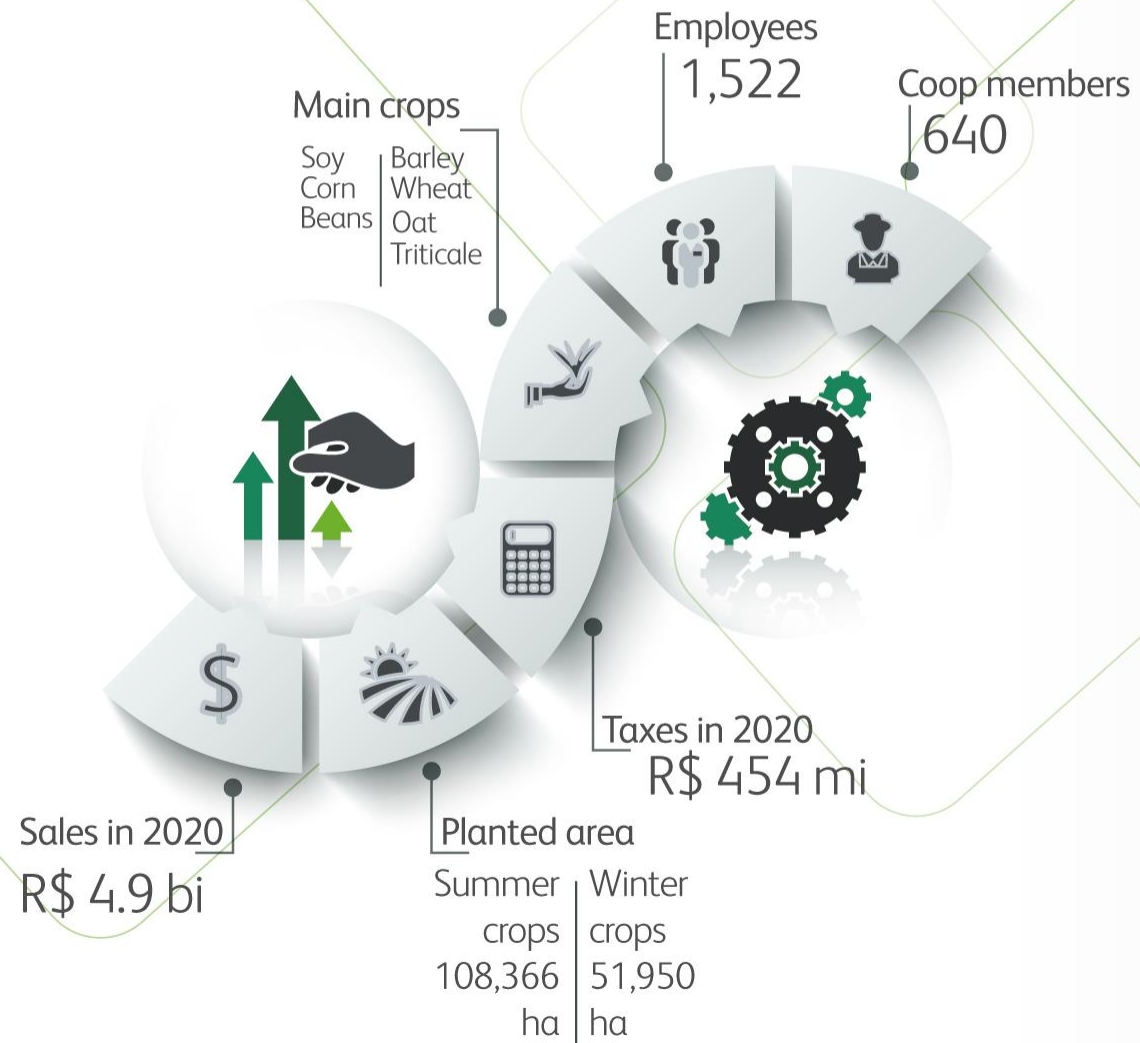
To be a national reference in agro-industrial production technology and cooperative management.

Values

Ethical attitude
Quality
Teamwork
Tradition
Sense of ownership

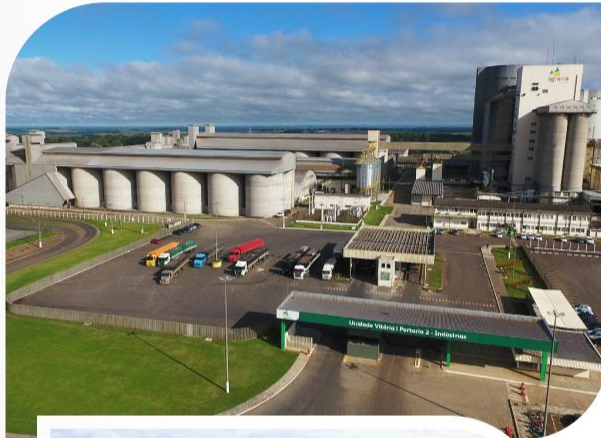


Agrária Cooperative



Storage units

● Vitória



Static capacity of
1.26 millions t

Guarapuava

Vitória

Pinhão

● Guarapuava



● Pinhão



Unit

Business unit malt



Capacity
360,000 t
per year



Production started in
1981

Nowadays it supplies
30% of the consumed
malt pilsen in Brazil

Major malting plant in Latin America

Produces: pilsner malt, vienna, pale ale and munich

Unit

Business Unit Oil and Meal



Capacity
545,000 t
per year



Production started in
1995

- Oil Extraction
- Degummed soybean oil
- Pelletized soybean meal

Unit

Business Unit Flour



Capacity
140,000 t
per year



Production started in
1952

Flours used in:

- Food industries:
bread, pastas and cookies
- End-user consumer
- Whole flours

Unit

Business Unit Nutrition Animal



Capacity
220,000 t
per year



Production started in

1972

70 kinds of balanced animal feed

— Dairy and beef cattle

— Horses and sheep

— Poultry, pigs, and rabbits

Unit

Business Unit Grits and Flakes



Capacity
180,000 t
per year



Inauguration
2016

Products

- Breweries – grits and flakes
- Cream
- Corn meal and germ

Unit

Business Unit Seed



Capacity
41,000 t
per year



Seeds

- Soybean
- Wheat
- Barley



BMS – Rewir SA



Foundation:
1981

Share control by Agrária: **2017**

Commercial management company, headquartered in Montevideo, Uruguay.

Specialized in the trade of barley and malt in Latin America.

FAPA - Agrária Foundation for Agricultural Research



FAPA – national and international partnerships increase the level of the crop yields of the coop members.



Research areas

- Breeding
- Crop management and crop rotation
- Weed control
- Plant pathology
- Soil fertility and Plant Nutrition
- Agricultural mechanization
- Entomology

Main events



WinterShow

EXCELÊNCIA EM CEREAIS DE INVERNO

October
2020



38 exhibitors

868 participants

2 thousand online participants

8 technical talks by
FAPA researchers

3 quest
talks

Main events

Dia de **CAMP** *Verão 2020*

February
2020



31 exhibitors

1.390 participants

6 technical talks by
FAPA researches

2 talks by
agribusiness personalities

Energy matrix

Salto curucaca - **hydroelectric plant**



(In partnership with Santa Maria Paper and Cellulose Company)

Installed capacity
37 MW

Boiler



Fuels

Firewood, wood chips, LFP Oil,
and cereal processing residuals



NonGMO Soy Bean Engagement

2012 - Start to study the CIF markets in Europe.

2014 – Slow but dedicated return to planting NonGMO beans.

2015 – SAI membership.

2016 - Refreshing the idea of launching an inter-cooperative industry model in the state of Paraná, combining various areas to crush up to 1 mln mt of NonGMO beans for the European market.



NonGMO Soy Bean Engagement

2018 – Identifying Brake as a start-off destination.

2018 – Shipping first vessels through the port of Antonina.

2019 - Decision to pauze this business, as initially chosen partners could no longer commit themselves to an earlier agreed upon strategy for a longer term partnership.



NonGMO Soy Bean Engagement

2021 – Continuous attempts from CIF markets to bring us back into business as markets had changed again and demand is up.

But ! Our understanding of a workable and successful future in the SBM business has changed and we dare to take our thoughts to you via this workshop to present you our ideas for our return to European CIF markets.



NonGMO Soy Bean Engagement

Whenever it comes to **sustainability**, the state of Paraná has always been a top region for farming and its cooperatives are proud of their achievements when it comes to comparing themselves with international standards.

Being 3.000 km away from the Amazonas region has always been a top argument for those having to explain their purchase decisions to the consumer.



NonGMO Soy Bean Engagement

Consumer habits had already changed before Covid-19. But they will change even more, once we have overcome the pandemic.

Demand for high quality raw materials, including from scandal-free growing areas, is notably up and we foresee a trend which is more than likely to last.

In order to guarantee safe supplies for the years to come, we see LTAs as the most logical solution to stabilize and safely support end consumer wishes.



NonGMO Soy Bean Engagement

Our challenge to you is the following:

1. Construction of a 500.000 mt NonGMO beans crush unit in Paraná by 2024.
2. Adding our existing crush unit in Guarapuava by 2026 to crush a total volume of 1 mln mt of beans.
3. Extension of the new crush plant up to 1 mln mt of NonGMO beans by 2028.



NonGMO Soy Bean Engagement

Our offer to those who share our views about the necessity of creating sustainable and safe supply chains in the means of our all end consumers are welcome to start a discussion with us.

Since all our production units are running on existing LTAs already, we will be pleased to extend our services to those who dare to have a different view at our business' future and thereby understand the tools to eliminate, ie. better calculate the risks of our seemingly more and more volatile raw material markets.



Thank you

Your contact in Europe is:
Frank Gauger
gauger@agraria.com.br
+49 162 1312725
Whatsapp



End user demand
ProTerra webinar

Tesco: your customers love forests.



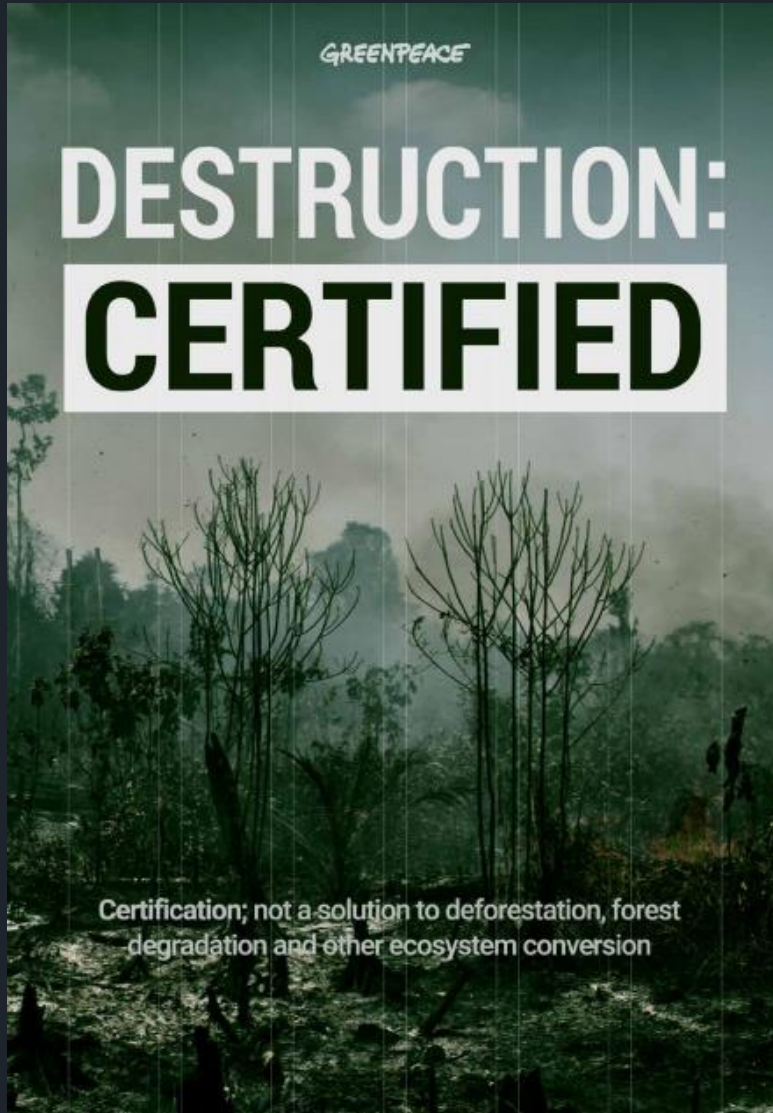
MIGHTY
EARTH

YouGov



88% of **Tesco** customers agree that supermarkets **should not do business with companies driving deforestation in Brazil.**

Total sample size 2093 adults. Fieldwork 5th to 9th March 2021. Survey carried out online.



- Traditional responses are losing credibility
- Expectations for action are increasing rapidly
- Communication and claims will increasingly be under the microscope
- Investors are (slowly) becoming switched on to risk
- Window for solution development is closing
 - We can't just say what's wrong with the world, we need to come up with ways of righting it; quickly.

The end of the supply chain experiences the **most pressure** for change, but it is the least capable to directly affect production.

	Upstream	Midstream	Downstream
<u>Physical risks</u>			
Acute	High	Medium	Low
Chronic	High	Medium	Low
<u>Transition risks</u>			
Policy and legal	High	Medium	Medium
Market	High	High	Low
Reputational	Low	Medium	High
Technology	Medium	Medium	Low
<u>Deforestation-free opportunities</u>			
Market	High	High	Medium
Resilience	High	Low	Low
Resource efficiency	High	Low	Low

Pressure comes from multiple actors

... but differently



Customers



CSOs



Investors



Governments

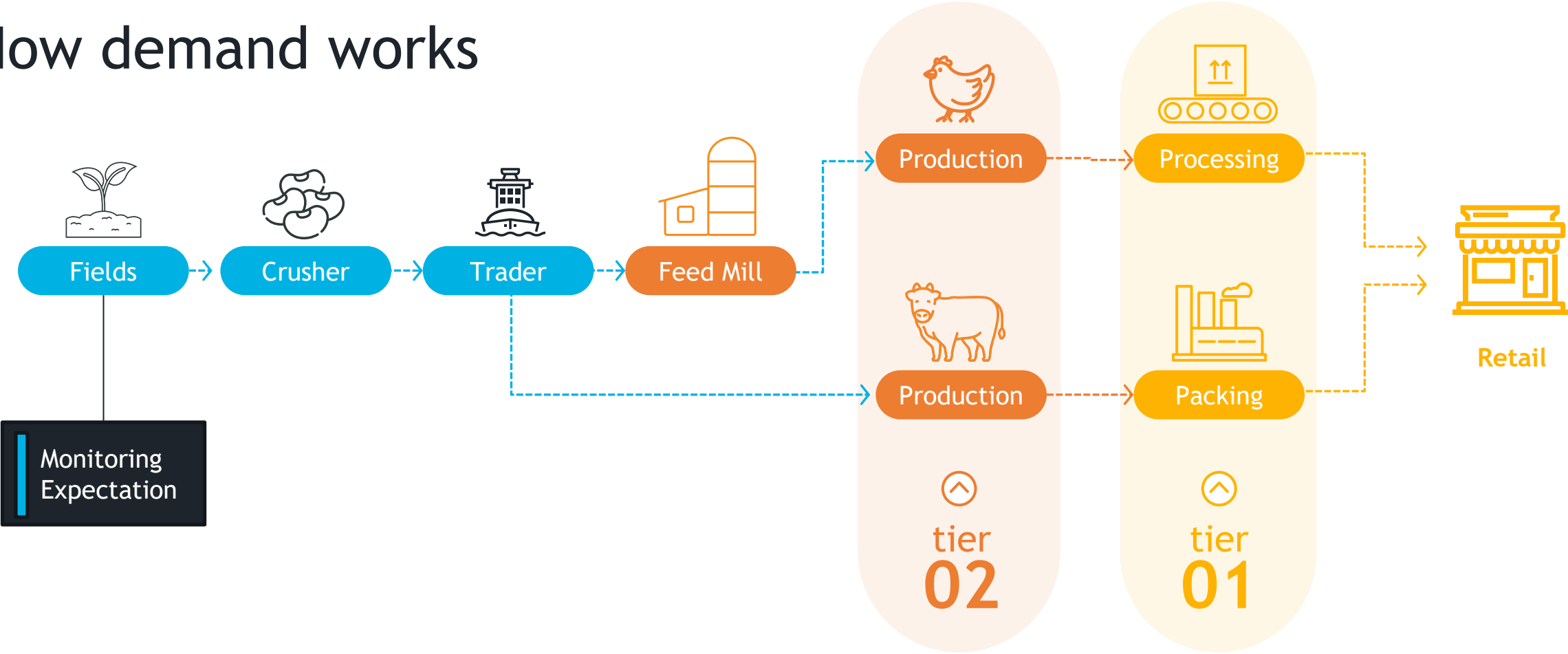


CLIMATE
PRINCIPALS

Amazon Protection Plan

- New bipartisan group in the US composed of former US cabinet officials and chief climate negotiators
- Aims to provide concrete [policy recommendations](#) to mobilise \$20bn to protect the Amazon (Biden campaign pledge)
- Key components:
 1. Corporate commitments to finance GHG reductions in the Amazon by 2025
 2. Due diligence and reporting by US companies
 3. TCFD-style company reporting on deforestation-related climate risk
 4. 'Debt for climate' swaps
 5. 25% of climate finance to support forests
 6. Harmonisation of trade and climate policies
 7. Robust diplomacy to achieve international consensus and alignment
 8. Forest carbon credits

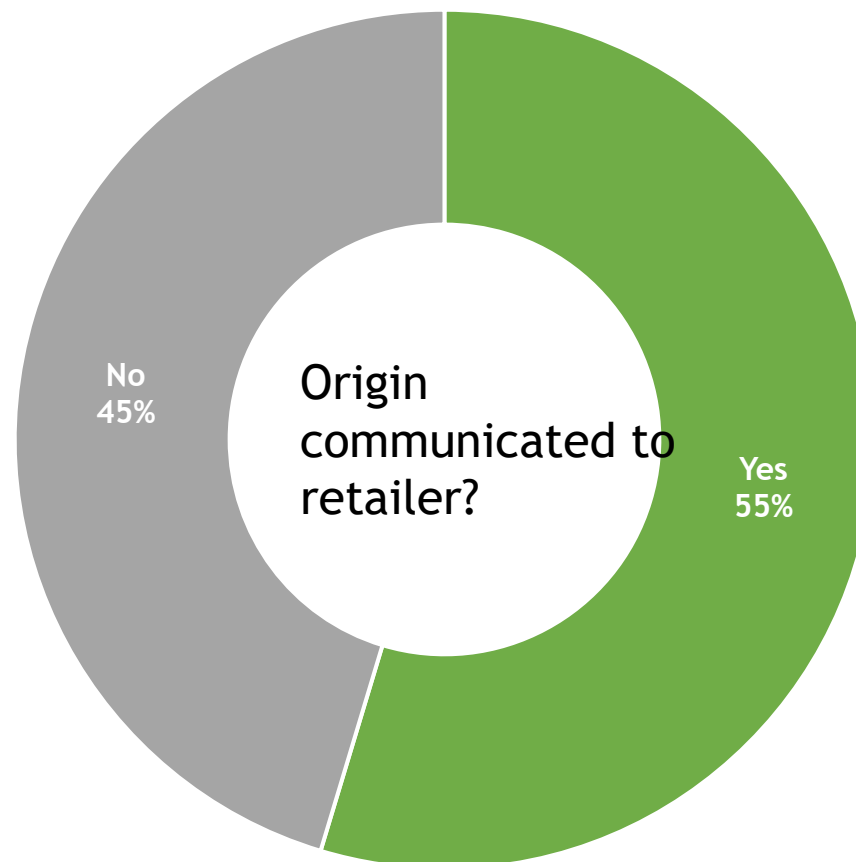
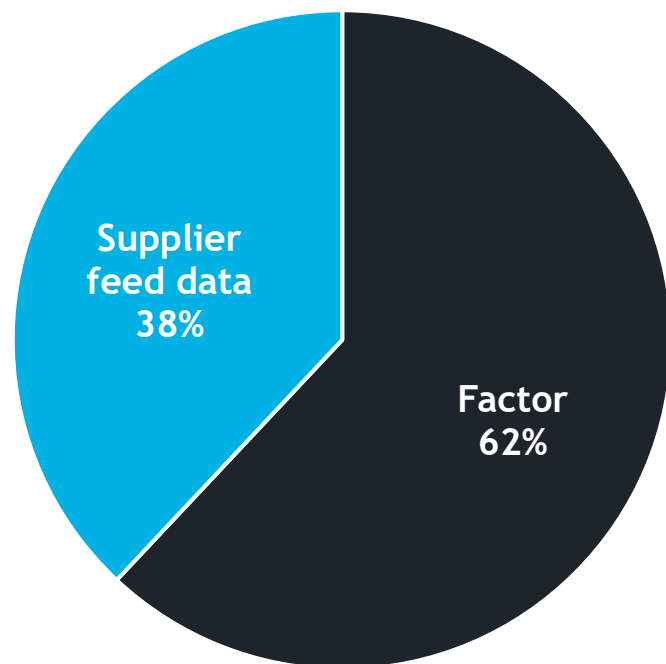
How demand works



Information availability and communication are critical parts of company strategies.

Non-integrated production systems have little insight into soy use

The proportion of the overall 2020 UK retailer footprint calculated using supplier specific data has remained fairly consistent with 2019.



Example of reasons given for no origin evidence

“Due to commercial sensitivities we are unable to obtain evidence from our soy importer”

“We know the potential countries of origin, but not as a specific % linked to one origin”

“Feed suppliers have only confirmed the source of the soya via email, they did not provide any documentation with the countries of origin”

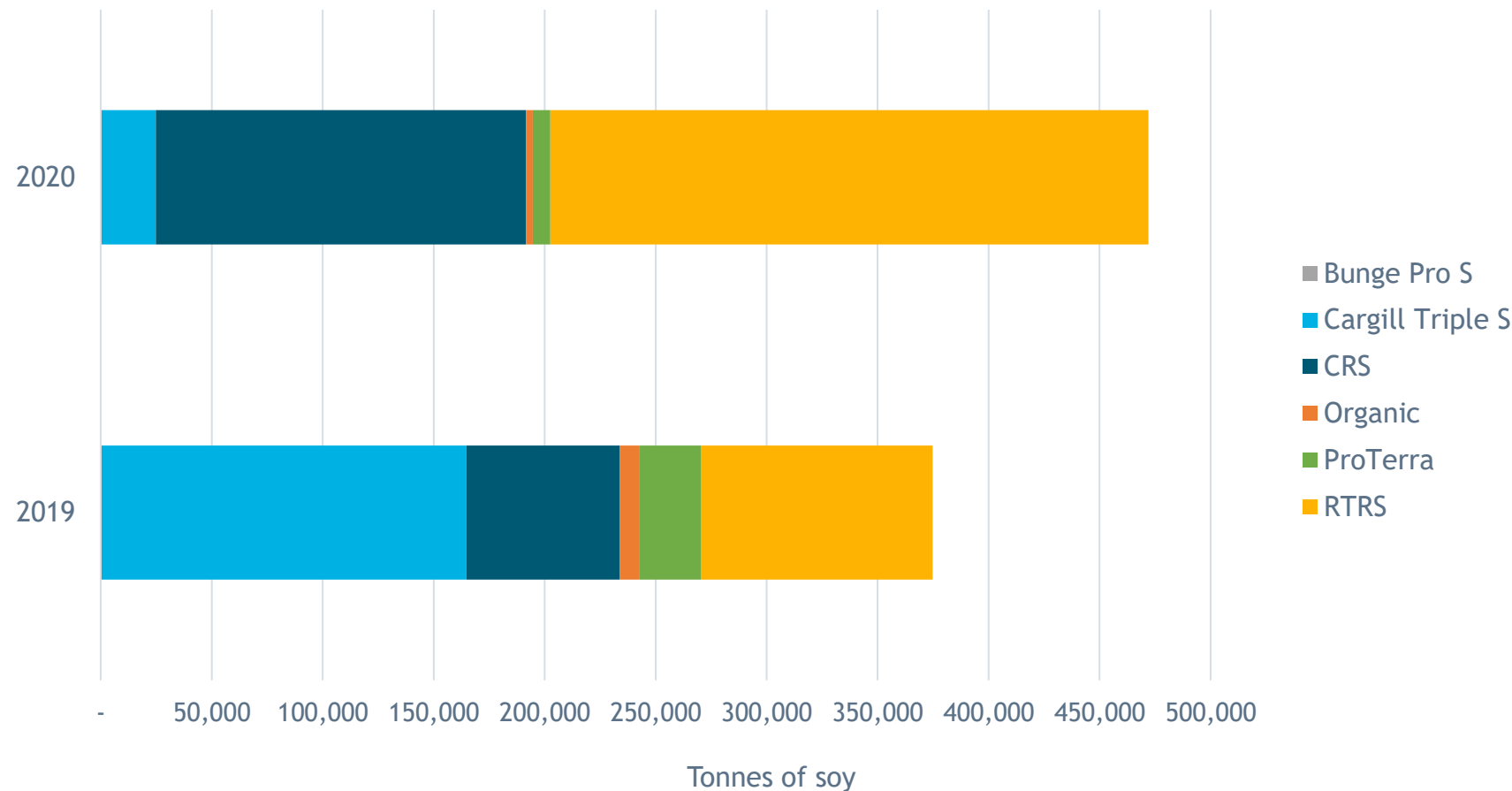
“No statement or information supplied by the feed/raw material suppliers”

“The feed merchants have supplied this information to the farmers, however we have not requested this information from them”

“Complexity around the number of producers and compounders means we do not have direct access to the information required”

Certification remains the only form of auditable evidence of deforestation free production today

Total volume certified has increased since 2019



Key challenges in expecting retailers to drive change

Supply chain influence is limited

Low visibility and commercial connections with the myriad of touch points

No single retailer voice

RSG members are leaders and are not necessarily representative of wider sector commitments and actions

Solutions beyond certification are not 'oven ready'

Alternatives to certification are predicated on forums, commitments, and pressure points that are not in place for immediate action

Urgency for action

Immediate responses are required to halt deforestation.

SOLUTION

Develop a consensus view on the operational and policy characteristics that will demonstrate credible action to transform the market so that sustainable soy is the norm.

Working group outputs

01

Transparent requirements for how standards need to **work** in the supply chain in order to be credible - and agreement on which standards achieve them



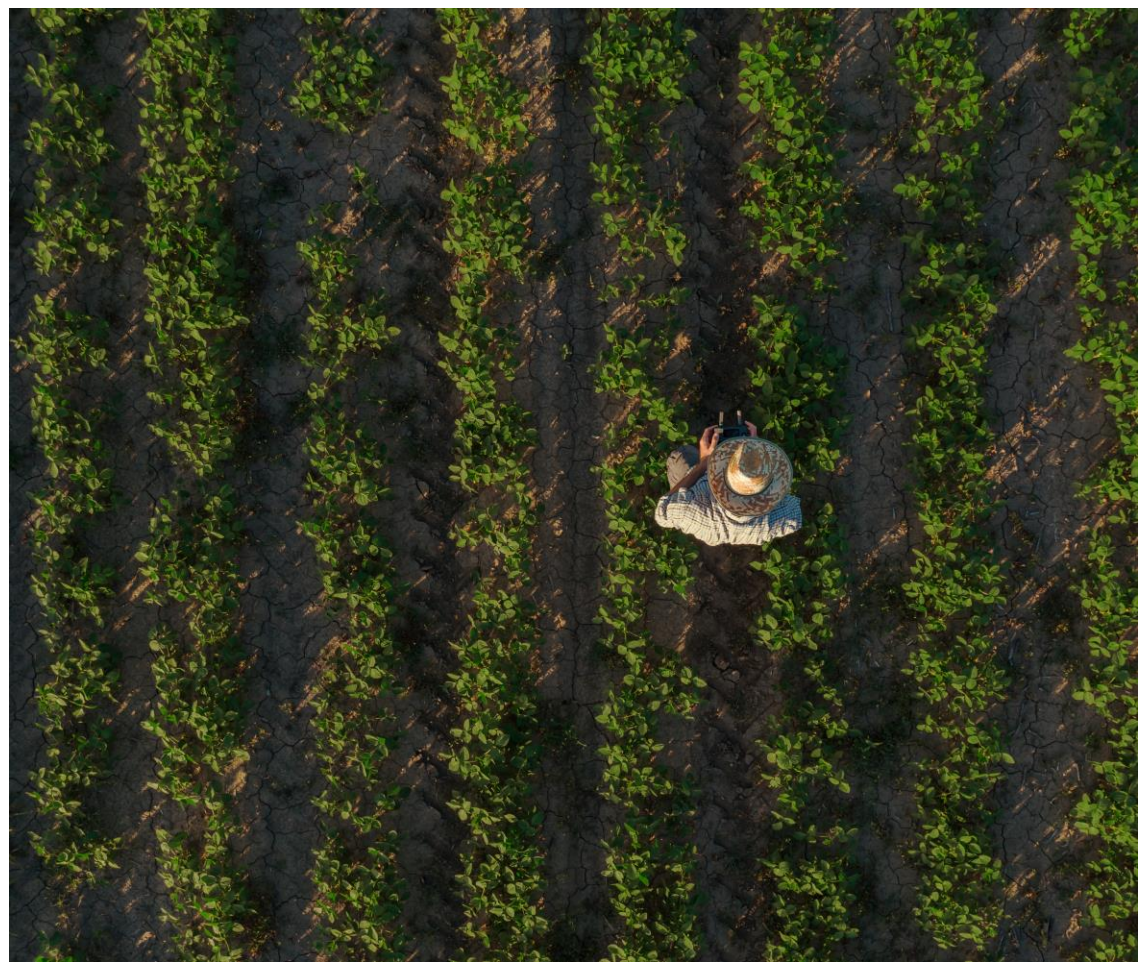
02

Critical components **expected** to be apart of - and prioritised within - company strategies



03

Understanding what features may be **acceptable** today vs the future (and when that future is)

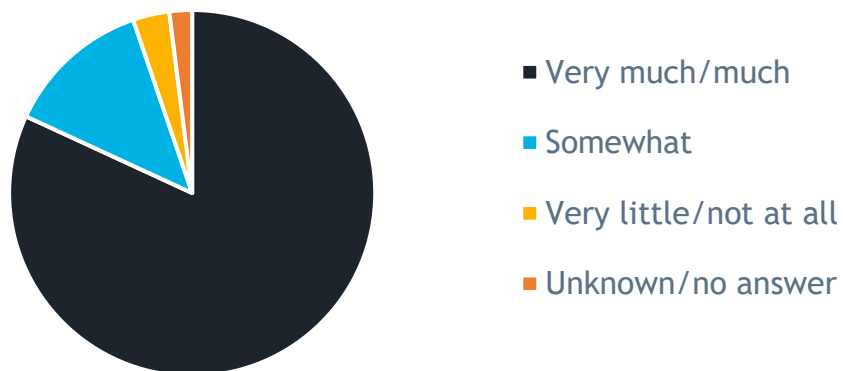




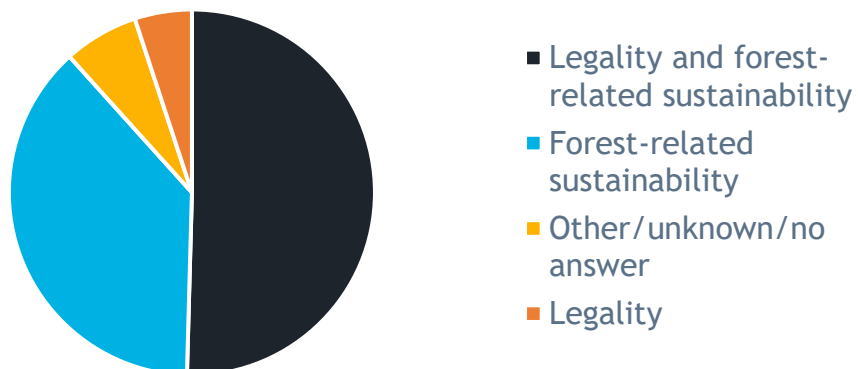
Supporting due diligence requirements

- The Retail Soy Group is **supportive** of the development of due diligence legislation.
- It is essential **transparency and traceability** are expected and required
- Measures should be **fit for purpose** and recognise the variable nature of supply chain actors (which we are beginning to see!)
- Legislation should **align with the goal of delivering 100% deforestation and conversion free soy**, regardless of whether or not it is legal to do so in the country of origin.

Individual responses - Q1: To what extent would an EU-level intervention on EU consumption of goods reduce global deforestation & forest degradation?



Individual responses - Q3: What kind of issues related to the origin of products should future EU measures aim to tackle?



Key proposed measures	Strong support for measures	
	NGO #Together4Forests	Individuals
A deforestation-free requirement or standard that commodities/products must comply with to be placed on EU market	✓	✓
Green diplomacy	✓	✓
Mandatory due diligence	✓	✓
Voluntary due diligence	✗	✗
Mandatory labelling	✗	✓
Voluntary labelling	✗	✗
Mandatory public certification system	Unanswered	✓
Private certification schemes	Unanswered	✗
Mandatory disclosure of information incl corporate non-financial reporting	Unanswered	✓

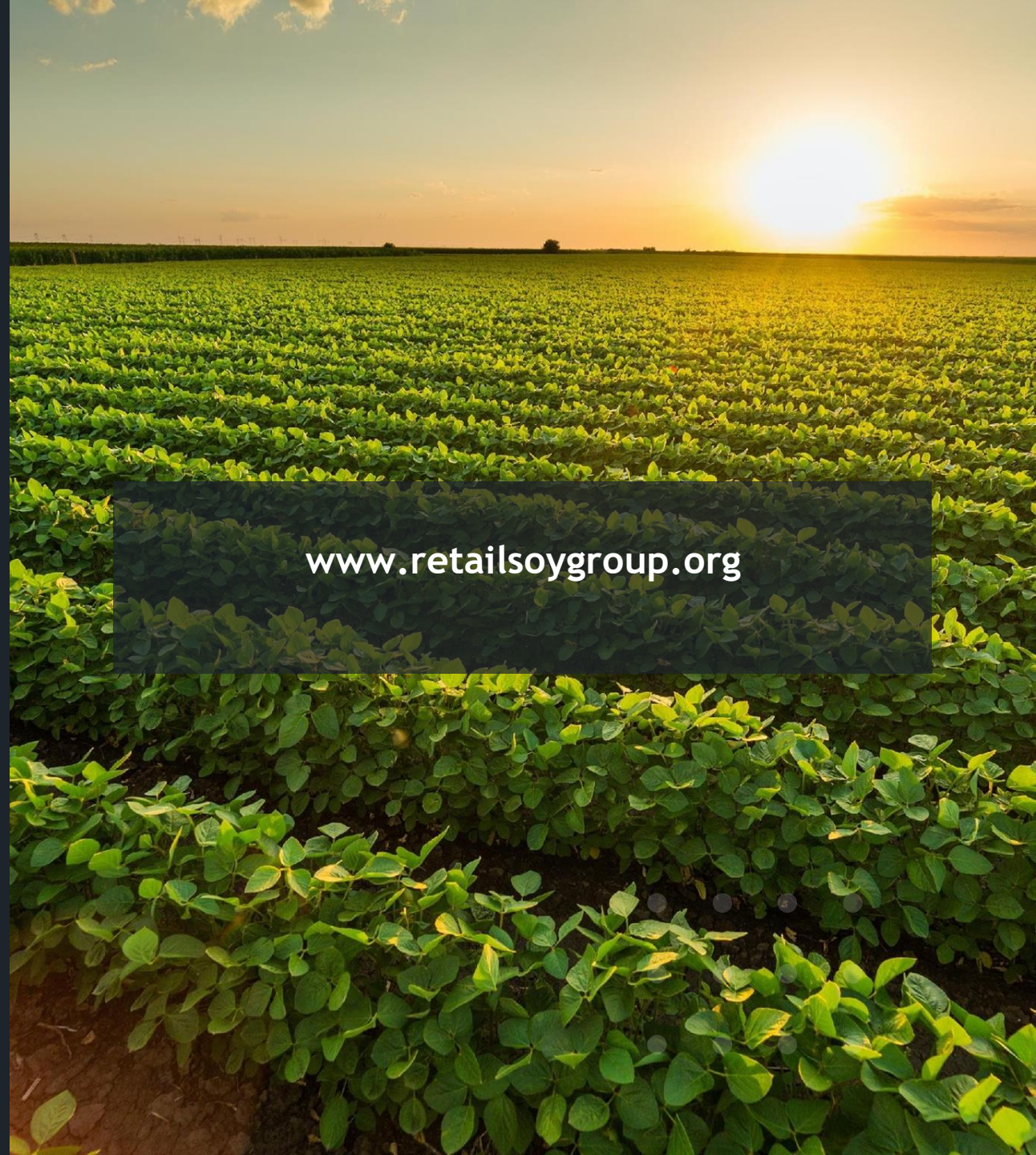
IN SHORT

We need alignment of the ‘ask’ across markets and sectors.

Retailers are some of the most visible entry points, but we know that isn’t enough.

THANK
YOU

www.retailsoygroup.org





Q & A



Collaborative Soy Initiative

Thank you for your attention!