



Forest
Positive

Guidance for Forest Positive Soy Suppliers and Traders

Version 1.0 Developed
by The Consumer Goods
Forum's **Forest Positive**
Coalition of Action

www.tcgfforestpositive.com

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About the Forest Positive Coalition of Action

The Consumer Goods Forum (CGF) Forest Positive Coalition of Action is a CEO-led initiative representing 20 CGF member companies who are committed to leveraging collective action and accelerating systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains. Launched in 2020, the Coalition represents a dynamic shift in the industry's approach to stopping deforestation: by mobilising the leading position of member companies to build multi-stakeholder partnerships and develop effective implementation and engagement strategies, the Coalition brings together diverse stakeholders for sustainable impact. These efforts support the development of forest-positive businesses that drive transformational change in key landscapes and commodity supply chains, strengthening the resilience of communities and ecosystems worldwide. To learn more about the Forest Positive Coalition, visit www.tcgfforestpositive.com.

The Coalition is being supported by the Tropical Forest Alliance and Proforest as strategic and technical partners.

Guidance on Forest Positive Soy Suppliers and Traders

The Consumer Goods Forum's (CGF) Forest Positive Coalition recognises that to support sector-wide progress, it is important to work beyond individual supply chains. Therefore, the Coalition, consisting of 20 manufacturers and retailers, is committed to doing business with upstream suppliers who in turn are committed to forest positive implementation across their entire businesses.

The Suppliers and Traders Element of the Coalition's Soy Roadmap defines the Coalition's commitments, actions, and publicly reported Key Performance Indicators (KPIs) that demonstrate suppliers' and traders' progress towards compliance with the forest positive commitments.

A critical first action in the Roadmap is developing 'Guidance for Forest Positive Soy Suppliers and Traders', which helps to define what it means for suppliers and traders to implement a forest positive commitment for deforestation and conversion-free soy, building on the Coalition's Soy Roadmap.¹ This Guidance was developed in consultation with suppliers, traders, NGOs, and soy initiatives aiming at setting the foundations for a shared vision of a forest positive soy supply chain.

This document details clear proposed requirements for implementing a forest positive commitment for deforestation and conversion-free soy across companies' entire soy business. Known as the Coalition's "Forest Positive Approach", these are proposed requirements that Coalition members may set themselves and report against to achieve the Coalition's commitments. They may also communicate these proposed requirements to their suppliers with a view to encourage suppliers to adopt the same approach along their supply chain. This Guidance has been developed initially for Coalition members' engagement with their larger suppliers (i.e. traders and own-brand manufacturers).²

The five basic requirements of the Coalition's "Forest Positive Approach" are for businesses to have:

1. Public commitment to 'deforestation and conversion-free' across entire soy commodity business including a public time-bound action plan with clear milestones
2. Process for regular supplier engagement
3. Mechanism to identify and to respond to non-compliances
4. Support initiatives delivering forest positive development at landscape and sectoral level
5. Regular public reporting against key KPIs

Coalition members can use this document to inform what they will ask of their suppliers and to assess their performance. Additionally, Coalition members can use the 'Guidance for Forest Positive Coalition Members for Implementing Supplier and Trader Engagement' to inform how members will implement and report on their individual company's progress.

The "Guidance for Forest Positive Soy Suppliers and Traders" will be regularly updated to reflect the progress made by the Coalition in developing guidance for implementing the five elements of the Soy Roadmap:

1. Own Supply
2. Suppliers and Traders
3. Managing High-risk Origins
4. Production Landscape Engagement
5. Transparency and Accountability

1. The Forest Positive Coalition Commodity Roadmaps focus on deforestation and have minimum requirements on human rights. Indigenous Peoples and Local Communities' rights will be integrated into the Coalition's work, starting with palm oil.

2. The definition of large suppliers will be refined considering financial metrics and soy volumes traded per year for traders, and turnover and soy footprint for own brand manufacturers. Until a definition is agreed, Coalition members can decide individually what is a large supplier and need to disclose their methodology. Guidance for Small and Medium Forest Positive Soy Suppliers will be developed as more progress is made with implementation.

Implementation Plan for This Guidance

Forest Positive Coalition members and their suppliers are encouraged to make public commitments to eliminate illegal and legal deforestation and conversion of natural ecosystems from soy in their supply chains. Coalition members and their suppliers are also encouraged to have a public, time-bound implementation plan outlining the actions they will take to meet this commitment. (See the Coalition's 2021 Annual Report for links to Coalition members' public commitments and individual time-bound action plans.)

As part of the supplier engagement process, Coalition members are encouraged to measure and assess their suppliers' performance using the proposed requirements in this document, including the quality of suppliers' time-bound implementation plans. If gaps are identified, Coalition members can engage their suppliers to discuss their performance level and agree on a time-bound improvement plan for addressing gaps in meeting the proposed requirements. Recognising the importance of continuous improvement, priorities for progress can be defined at the Coalition level, while timelines for implementation will be defined at an individual supplier and trader level. These will take into account Coalition members' individual targets and suppliers' size, as well as the maturity level of their commitments and implementation.³

A crucial step in supplier engagement is providing support to suppliers in meeting the proposed requirements. Coalition members can provide support and capacity-building as needed to their suppliers in taking the required actions agreed in the improvement plans. This is usually needed for small/medium suppliers with limited resources and capabilities, as well as suppliers who are just starting their journey of responsible sourcing and have limited knowledge. Coalition members are encouraged to also implement, on an individual basis, mechanisms to respond to suppliers' performance, which may include commercial and non-commercial incentives and penalties. Finally, Coalition members are encouraged to regularly report on their progress engaging suppliers using common Key Performance Indicators (KPIs), which will also be reported against by their suppliers. All reporting will be in accordance with the relevant competition laws, with the necessary precautions taken regarding commercially sensitive information.

Proposed Requirements of the “Forest Positive Approach” for Soy Suppliers and 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 the company's website and linked to other relevant corporate policies
- The policy covers all of the company's business units,⁴ all soy volumes (soybeans, soy products, products with embedded soy), all sourcing areas, and all direct and indirect suppliers
- The policy builds on guidance from the Accountability Framework Initiative by including, at a minimum, commitments to:
 - Eliminate conversion (including legal conversion) of natural forests and other natural ecosystems from soy supply chain after a specified cut-off date consistent with sectoral agreements and no later than 2020 for the rest;⁵

3. Certified volumes (farmer incentives signals) are key to some of the Forest Positive Coalition's Soy Roadmap Elements, but the Coalition does not have a target for minimum certified volumes, and this is dependent on individual companies' strategies.

4. In the case of a corporate group, the policy covers all legal entities under the group's control, and the company engages their partners in joint ventures to ensure the same commitments are adopted.

5. How cut-off dates will be implemented, including mechanisms for compensation and reintegration, is still being discussed by the Coalition in dialogue with the supply chain.

- Ensure origins are known or controlled to a sufficient extent to ascertain whether production comply with commitments;
- Especially traders, improve sourcing policies and purchase control systems to prevent non-compliant purchases;
- Provide for restoration and/or compensation and remediation where the company has caused or contributed to conversion or social harms;
- Comply with legal requirements related to the protection of forest and natural ecosystems in soy-producing countries;
- Respect human rights in line with the UN Guiding Principles on Business and Human Rights (UNGPR), and endorse and support the Universal Declaration of Human Rights;
- Secure free prior and informed consent (FPIC) of indigenous peoples and local communities prior to any activity that may affect their rights, land, resources, territories, livelihoods, or food security;
- Operate an open, transparent and consultative process to resolve complaints and conflicts; and
- Deploy efforts within and beyond supply chains to ensure long-term protection of natural ecosystems and respect for human rights, especially in high-priority origins.⁶

Public time-bound action plan

- The plan is published on the company's website and linked to other relevant corporate documents
- The plan covers the company's whole soy supply chain (as described for the policy, above) and can be focused on origins with high deforestation and conversion risk
- The plan clearly lists and explains all activities the company is taking and will take to deliver on all the commitments made in their no deforestation/no conversion policy
- Activities cover actions within supply chain (volume and suppliers) and beyond supply chain (in production landscapes and at sector level) to address and mitigate negative impacts and deliver positive outcomes
- The plan has clear time-bound actions, targets and milestones by which activities will be completed as well as proposed KPIs for measuring progress, which are accountable at the senior level
- The plan was consulted with relevant stakeholders – e.g. internal staff and procurement team, buyers and suppliers, NGOs, rights-holders, etc.
- The plan is properly resourced, has staff (from sustainability and procurement teams, including senior level executives) dedicated to managing the process, and embedded in staff performance KPIs
- The plan is reviewed and updated, if necessary, on a regular basis

2. Process for regular supplier engagement

The Supplier/Trader has a choice of one or more mechanisms for regular supplier engagement. The proposed mechanism or mechanisms:

- Cover their whole supply chain;
- Include a public list of expectations for suppliers covering all the expectations proposed in this document;
- Include a system to monitor suppliers' progress in meeting the company requirements;

⁶ High-priority origins within the Cerrado biome will be defined in collaboration with upstream traders.

- Include procedures for engaging with and supporting suppliers to progress over time and preventing environmental harms or human rights abuses from happening in the supply chain (risk assessments can be used to prioritise engagement);
- Have a procedure to individually respond (positively and negatively) to suppliers' progress and performance, focusing on positive action to solve issues but which also describes clear consequences at procurement level such as suspension and re-entry criteria; and
- Be properly resourced, have staff (from sustainability and procurement teams) dedicated to managing the process, and embedded in staff performance KPIs.

3. Mechanism to identify and to respond to non-compliances

The Supplier/Trader has a choice of one or more mechanisms to identify, monitor, and to respond to non-compliances in their soy supply chain.⁷ The proposed mechanism or mechanisms:

- Are published on the Supplier's website and linked to other relevant corporate documents
- Cover their whole supply chain (if the Trader owns crushers/soy farms, they may want to have one mechanism for their own operations and one supply chain mechanism for their traded volumes)
- Apply to supplier group level — e.g. grievance in any farm, silo or crusher owned by parent company that has sites (even if not the same) in Supplier's supply chain;
- Include a grievance mechanism that is aligned with the UNGP effectiveness criteria and that provides accessible and confidential means for stakeholders to raise issues;
- Include other suitable methods to detect non-compliances, such as monitoring and alert systems for deforestation and conversion based on remote sensing;
- Have a publicly disclosed procedure to prevent purchases of non-compliant volumes and to respond to grievances, including criteria for consequences, such as suspension, based on responsiveness and progress in taking action;⁸
- Include a public grievance log which is updated continually and provides a summary of grievances recorded and the status of their resolution; and
- Are properly resourced and have staff dedicated to managing the process.

4. Support initiatives delivering forest positive development at landscape and sectoral level

- The Supplier/Trader is actively engaging with and/or financially supporting landscape/jurisdictional and sectoral initiatives (e.g., UKRT, FEFAC, landscape initiatives promoted by Coalition members individually or collectively) delivering forest positive development in their sourcing area
- The Supplier/Trader's involvement and support in landscape and sectoral initiatives is proportional to their footprint in the soy sector (volume sourced, supply chain position, and exposure in high-risk origins)
- Landscape initiatives are selected through prioritisation assessment on where the Supplier/Trader is exposed to highest risk and can have biggest impact, with action taken in all risk areas
- Landscape initiatives promote solutions that are:
 - Developed in collaboration with local stakeholders,
 - Fit farmer needs and capabilities
 - Include social safeguards

7. Recognising that guidance on grievance mechanisms and systems to respond to conversion in production areas is not currently available for own-brand manufacturers, they are encouraged to build on their suppliers' systems and engage with tools and systems as they become available.

8. In compliance with competition laws, FPC members should not collectively agree to discontinue sourcing from specified suppliers.

- Have a clear plan and timeline to reduce conversion and deforestation through locally effective means such as:
 - Compensation mechanisms, land use planning and policy, law enforcement, increasing yields on existing production areas, focusing expansion onto degraded lands, preferential sourcing, regenerative agriculture, and restoration
- The Supplier/Trader participates in relevant soy sector initiatives for the geographies from which they source or markets they service (e.g., for traders: Amazon Soy Moratorium, Soft Commodities Forum; for manufacturers: SoS Cerrado Manifesto, UK-RT Soya, French Manifesto, Soy Transparency Coalition, Retail Soy Group)
- The Supplier/Trader influences and contributes to these initiatives to drive sector-wide adoption of robust commitments, including definitions and cut-off dates, common progress metrics and reporting, and support multi-stakeholder collaboration with producers, government, civil society, and others.

5. Regular public reporting against key KPIs

The Supplier/Trader is encouraged to publicly report on progress made in delivering on their commitments.⁹

Reporting is updated at least once per year and characterizes progress in each of the following ways:

- Progress towards fulfilling time-bound action plan (see section 1), using the proposed KPIs specified in the plan
- Methodology and data on traceability, risk level (KPIs 1-3 below) and conversion footprint (KPI 5 below)
- Data on the proportion of the supply chain that is verified deforestation and conversion-free, which includes certified volumes (KPI 4 below)
- Information on the supplier's contribution to the mitigation of deforestation/conversion or to forest positive outcomes via support for landscape, jurisdictional, or sectoral initiatives (KPI 6 below)
- Information on supply chain management (KPIs 7-9 below)
- The Supplier/Trader reports on progress through platforms (e.g. CDP), initiatives (e.g. Soft Commodities Forum) and/or individually
- The Supplier/Trader informs how their claims in reporting are verified, with the expectation being that third-party verification systems are in place

Proposed Production/Impact KPIs:

1. Volume sourced unknown to origin (%)
2. Volume sourced from high-risk / high-priority areas (%)
3. Volume traceable to farm in high-risk / high priority areas (%) - applicable to traders
4. Volume under engagement/progressing towards deforestation and conversion-free from high-risk / high-priority areas (addressing volumes that are not deforestation and conversion-free)
5. Volume deforestation and conversion-free from high-risk / high-priority areas (%)
6. Footprint (% area) of native vegetation conversion
7. Landscape initiatives (# of initiatives, \$ invested, % soy footprint area covered)

⁹. Confidential, commercially sensitive information must not be disclosed.

Examples of Supply Chain KPIs:

For traders (applicable to indirect sources):

8. Suppliers (% , #, volume) engaged to implement a forest positive commitment (direct and indirect suppliers)
9. Suppliers (% , #, volume) sourcing from high-risk origins that have been engaged and are being evaluated
10. Non-compliant suppliers engaged in improvement processes (% , #, volume)
11. Number of suppliers suspended or excluded due to non-compliance

For own-brand manufacturers:¹⁰

12. Suppliers (% , #, volume) engaged to implement a forest positive commitment (direct and indirect suppliers)
13. Suppliers (% , #, volume) sourcing from high-risk origins that have been engaged and are being evaluated
14. List of identified major upstream traders in suppliers' supply chain

Initially, companies/suppliers can use their own methodology to calculate/report on KPIs but should be transparent on the methodology used. Proposed KPIs will be reviewed and updated as core KPIs under the Soy Roadmap are further defined. All KPIs will be reported on in compliance with competition laws, including on information exchange.

10. Own-brand manufacturers to engage their direct suppliers, regardless of them being traders or processors.



www.tcgfforestpositive.com

FRANCE - INTERNATIONAL HQ

(33) 1 82 00 95 95

environmental@theconsumergoodsforum.com

ASIA-PACIFIC OFFICE

(81) 3 6457 9870

tokyo@theconsumergoodsforum.com

THE AMERICAS OFFICE

washington@theconsumergoodsforum.com

LATIN AMERICA OFFICE

bogota@theconsumergoodsforum.com

CHINA OFFICE

shanghai@theconsumergoodsforum.com