

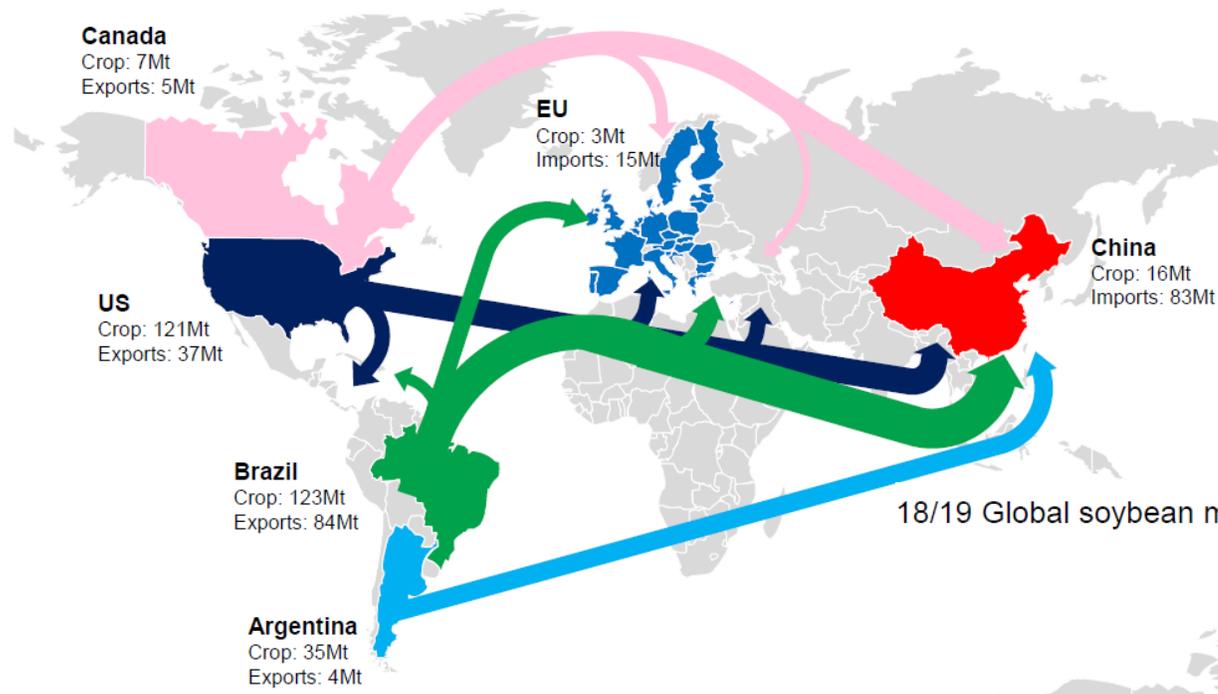


INTRODUCING THE FEFAC SOY SOURCING GUIDELINES 2021

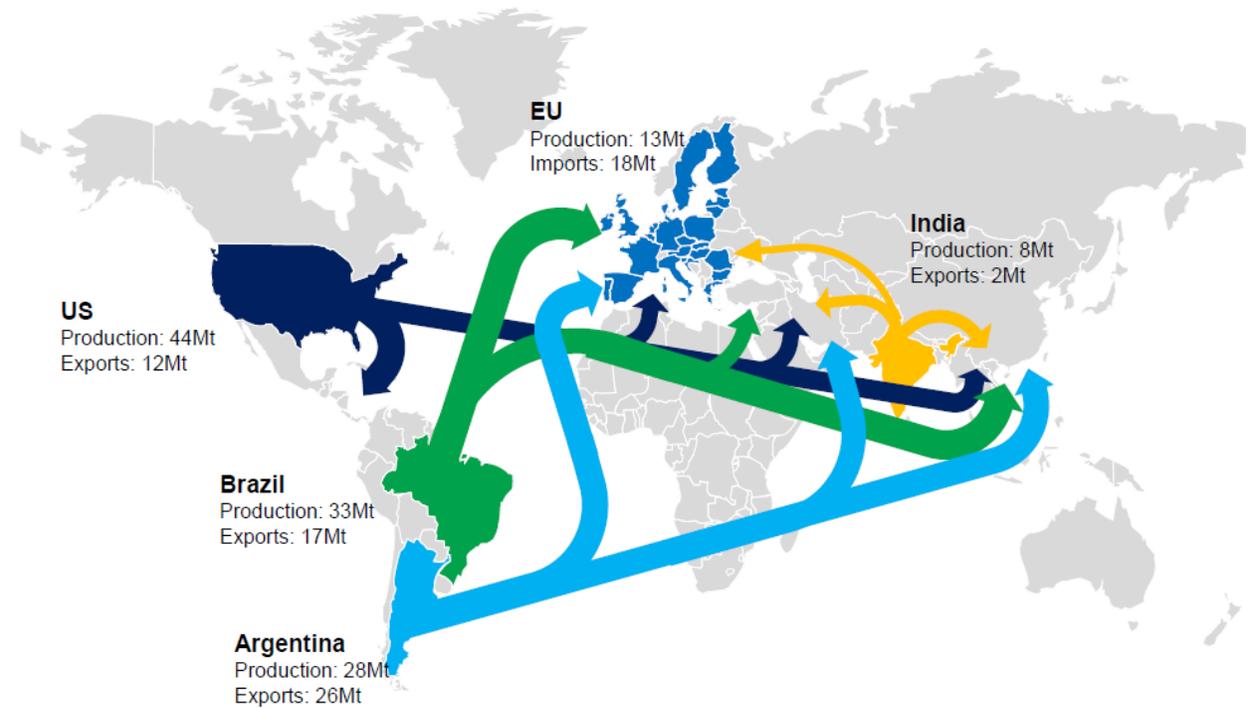
Anton van den Brink – FEFAC Senior Policy & Communication Manager

Doutzen Wagenaar – Schuttelaar & Partners

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18/19 Global soybean meal trade flows



Ambition 3



Promote Responsible Sourcing Practices



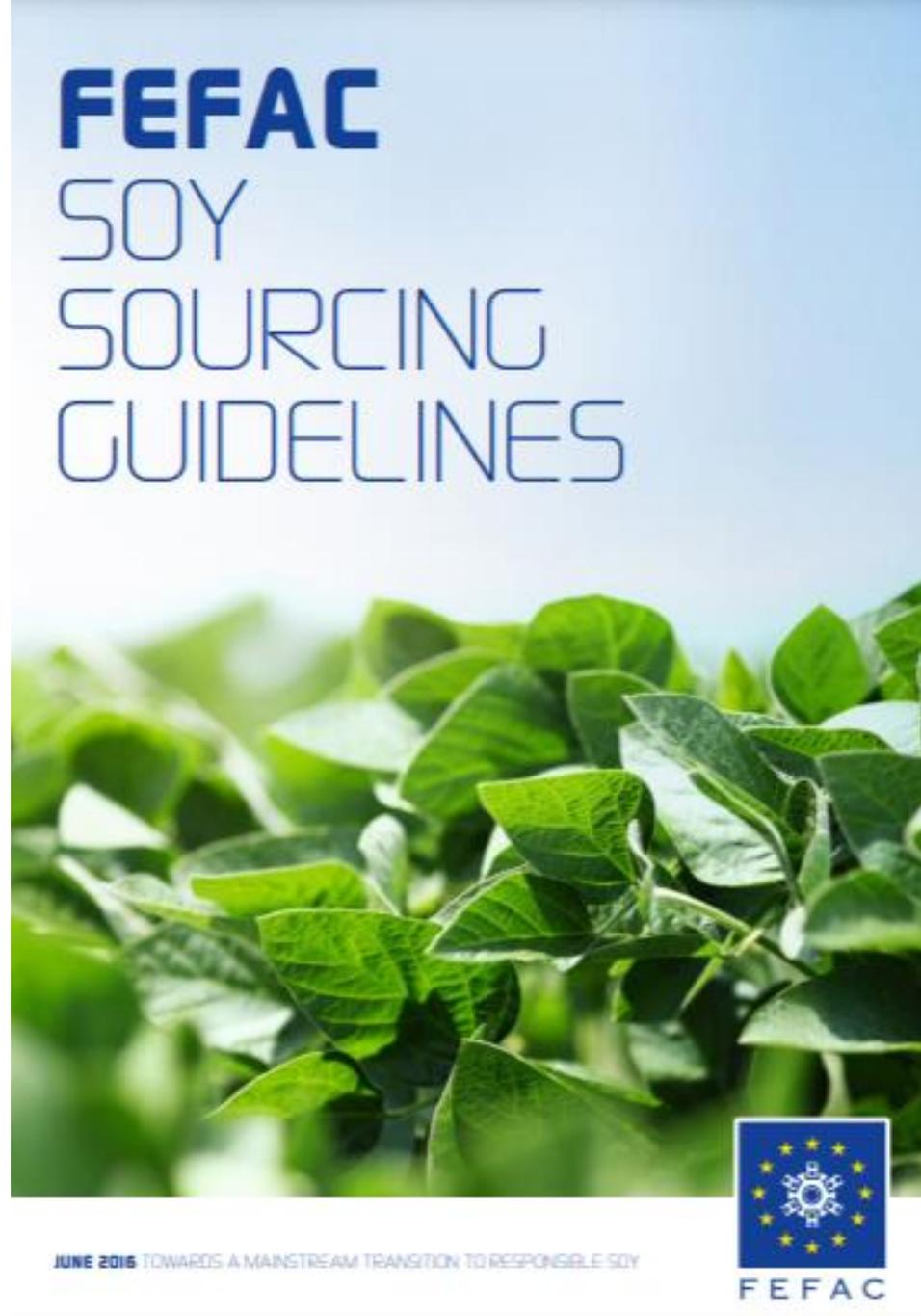
EU Green Deal objectives

Reduce the EU's contribution to global deforestation & forest degradation

UN Strategic Development Goals



A short history of the
FEFAC Soy Sourcing
Guidelines



BEFORE THE FEFAC SOY SOURCING GUIDELINES - COMMON INTERPRETATION TO RESPONSIBLE SOY?



FEFAC SOY SOURCING GUIDELINES SCOPE, MANDATE & PROCEDURE

- FEFAC Soy Sourcing Guidelines are a benchmarking programme; a set of criteria to set a comparison level to evaluate performance
- Schemes/programmes voluntarily apply for benchmarking of their provisions against the criteria of the FEFAC Soy Sourcing Guidelines (executed by ITC)
- FEFAC aims to facilitate market transparency for responsible soy in a market with a great variety of schemes on offer
- With greater market transparency, FEFAC hopes to contribute to the establishment of a mainstream market for responsible soy

THE FEFAC SOY SOURCING GUIDELINES ARE..

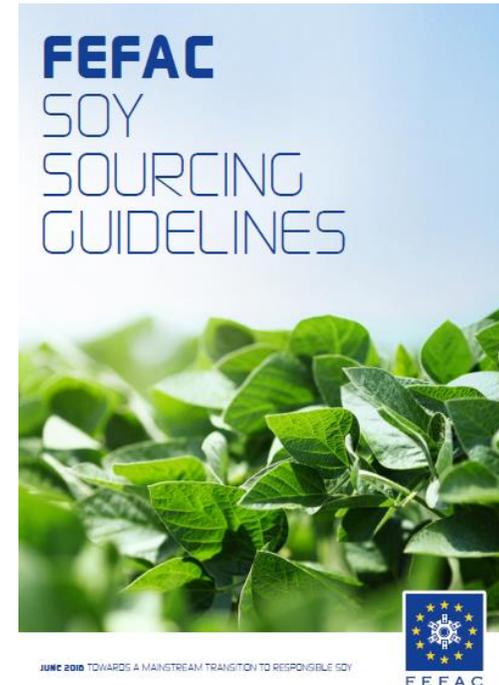
- Not a new standard!
- Not a ranking of schemes!
- Not a recommendation on sourcing policies!
- Not guidance on conversion risk identification and conversion risk management!

19 SCHEMES SUCCESSFULLY PASSED BENCHMARKING AGAINST THE FEFAC SOY SOURCING GUIDELINES 2015

4 Farmer Programmes							
6 Company/Trader Programmes							
2 FEFAC Member Schemes							
7 'Other' Programmes							

EVALUATION OF 1ST VERSION SOY SOURCING GUIDELINES (2015)

- ✓ Ambitious baseline requirements for responsible soy production.
 - ✓ Functioning as a bridge builder with soy supply chain partners.
 - ✓ Market recognition that being benchmarked as a scheme was valuable.
 - ✓ European shares of soy used in compliance with the Guidelines compared to total soy use have increased over the years (49% in IDH Soy Monitor 2018).
- Lacking in providing market transparency in domain of “deforestation/conversion-free soy” going beyond legal compliance.



Introducing the FEFAC Soy Sourcing Guidelines 2021



BASICS OF THE GUIDELINES 2021

Input for the update

- Broad assessment of market demand, developments in the sector and initiatives relevant for the Guidelines.
- Survey among benchmarked standards.
- Broad stakeholder consultation.
- One-on-one stakeholder interaction.
- Desire to operate in line with Accountability Framework Initiative.

BASICS OF THE GUIDELINES 2021

Main changes:

- 73 criteria, 54 essential and 19 desired.
- 17 old desired criteria are now essential.
- 14 new desired criteria are added.
- Rephrasing and clarification of some criteria.
- Extra requirements for greater transparency.

Theme 3.2

Production waste is managed responsibly.

ESSENTIAL CRITERIA

- 35** There is adequate storage and disposal of fuel, batteries, tires, lubricants, sewage and other waste in accordance with national legislation.
- 36** The burning on any part of the property of crop residues, waste, or as part of vegetation clearance is not allowed, unless it is needed for drying crops or obliged by national legislation as a sanitary measure.
- 37** Measures are taken to reduce or recycle waste as much as possible.

DESIRED CRITERIA

- 38** Farmers make sure that there is no run-off of waste water, chemical residues, minerals and organic substances.

Theme 3.3

Efforts are made to reduce the use of fossil fuels.

ESSENTIAL CRITERIA

- 39.** Use of fossil fuels is monitored.
- 40.** Farmers reduce the use of fossil fuels, for instance by implementing precision agriculture techniques, controlled traffic farming or lighter machinery.

DESIRED CRITERIA

- 41** Farmers actively work on carbon sequestration in the soil, for instance by applying non-tillage, planting of cover crops or applying intercropping practices.

The Guidelines

1. Legal Compliance
2. Responsible Working Conditions
3. Environmental Responsibility
4. Good Agricultural Practices
5. Respect for Legal Use of Land
6. Protection of Community Relations



INTRODUCING THE FEFAC SOY SOURCING GUIDELINES 2021

FEFAC's journey in facilitating responsible sourcing practices for the procurement of soy started in 2006. The publication of the FEFAC Soy Sourcing Guidelines in 2015 marked an important milestone in that journey, being FEFAC's most visible contribution to assisting the soy value chain in its efforts to facilitate the mainstream market transition for responsible soy production and purchasing. The Guidelines brought improved market transparency by setting a baseline to a fragmented European market with a plethora of schemes, using different terminologies and verification approaches for describing their market solutions to address deforestation, good agricultural practice and responsible working conditions. The FEFAC Soy Sourcing Guidelines 2021 make an additional step to further increase the market transparency for the sourcing of 'conversion-free soy' in the spirit of continuous improvement underpinning sustainable development.

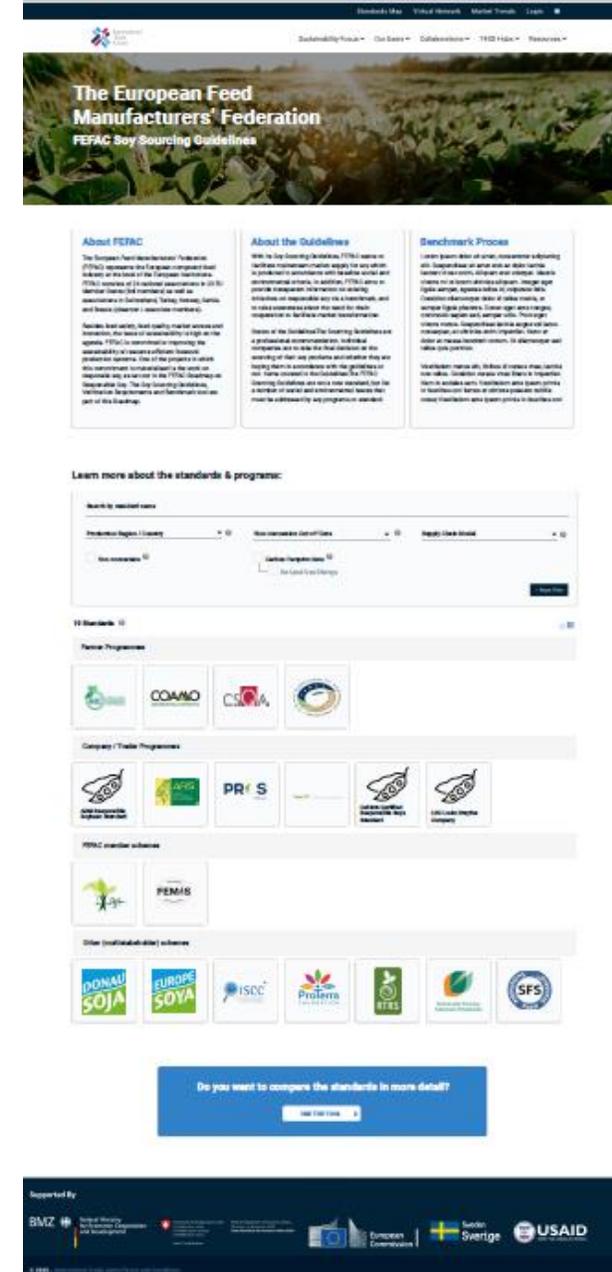


Essence of the FEFAC Soy Sourcing Guidelines
The FEFAC Soy Sourcing Guidelines are not a new standard or certification system. They are also not intended to set the bar for ordinary sourcing policies or provide guidance on risk management. The FEFAC Soy Sourcing Guidelines are a benchmarking programme and in essence a professional recommendation for feed operators and chain partners who wish to source their soy in accordance with the European feed industry's requirements for responsible soy production from within and outside Europe.

FEFAC'S BENCHMARK PLATFORM

Updates foreseen:

- Clustering of positively benchmarked standards.
- Immediate access to all standard's information.
- Filter option on the homepage.
- Comprehensive comparisons via Sustainability Map are still available.
- Transparency tool for (certified) conversion-free soy.



Conversion-free soy



Foto: Lucas Pereira

FEFAC INTERPRETATION TO 'CONVERSION-FREE SOY' (ILLEGAL/LEGAL)

- Soy from origins with negligible risk of driving conversion of natural ecosystems (78% of total soy use in feed according to IDH Soy Monitor 2018)
- Soy sourced under biome-based agreements guaranteeing absence of land conversion
 - i.e. soy purchased under Amazon Soy Moratorium contracts is not grown on converted land after 2008
 - All soy imported by Europe from the Amazon Biome is under Soy Moratorium contracts !
- Soy sourced as 'certified conversion-free'

CONVERSION-FREE SOY IN THE SOY SOURCING GUIDELINES

Schemes can voluntarily and optionally have themselves benchmarked on this desired criterion

- 34** No soy is produced in converted natural ecosystems (natural forest, native grasslands, wetlands, swamps, peatlands, savannas, steep slopes and riparian areas) after a specific cut-off date no later than 2020.

GUIDELINES QUALIFICATION MECHANISM FOR CONVERSION-FREE SOY (ELEMENTS 1-3):

1. Cut-off date (m/y) – Transparency tool filters (2007-2009 / 2010-2020)
2. Chain of Custody
 - Book & Claim / Mass Balance / Area Mass Balance / Segregated (ISO 22095!)
3. Natural eco-system protection provisions (several ways to qualify)
 - Non-conversion clause as from a certain cut-off date in the past
 - Specific listing of native vegetation protected (in accordance with soy growing origin). Approval of the scheme by the European Commission under the RED II is a means to qualify.
 - Implementation of HCV assessment (following the method of HCV-network)

GUIDELINES QUALIFICATION MECHANISM FOR CONVERSION-FREE SOY (ELEMENT 4):

4. Level of assurance / verification requirements (risk-proportionate)

- Verification by third-party involved in check of entire standard.
- Availability of satellite images to demonstrate non-conversion.
- Where specific satellite images are available, they should be used.
- Approaches need to be in line with 'conversion risk' in the soy growing biome/country/continent.

More detailed risk classification of soy origins and how to manage risk exposure is a separate cross-sectoral track

CONVERSION-FREE SOY AS A DESIRED CRITERION

- Going beyond the legality principle is a (politically) sensitive matter. Should await EU legislative developments in 2021 applicable to the soy supply chain
- Expectation is that numerous schemes will need to adapt their programmes in accordance with what FEFAC includes in the Soy Sourcing Guidelines 2021. Keeping it desired allows for an inclusive approach and gives them time
- The conversion-free soy qualification mechanism is innovative in terms of benchmarking. Bringing it into practice may trigger the need for technical corrections. The voluntary setting of a desired criterion is then more convenient
- The desired creation nonetheless delivers on market transparency. Nothing prevents national soy sourcing strategies to be established. No need to wait for FEFAC!
- The desired criterion may become an essential criterion at a certain point in time, to include it as part of the “responsible soy” market standard

WHAT WILL FOLLOW?

- Launch of the upgraded FEFAC webpage on ITC Sustainability Map in April/May 2021
- Invitation to responsible soy schemes to apply for (re-)benchmarking as from now
- Continued dialogue with value chain partners to ensure FEFAC delivers on providing a tool that facilitates market transparency and a mainstream market transition on responsible soy

Thank you for your attention

