

# Soft Commodities Forum progress report

Towards deforestation-free soy  
June 2021



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# Executive summary

**Throughout the Cerrado in Brazil, soy producers are gradually decoupling production from deforestation and conversion, meaning that soy production is gradually causing less deforestation and clearing of native vegetation.**

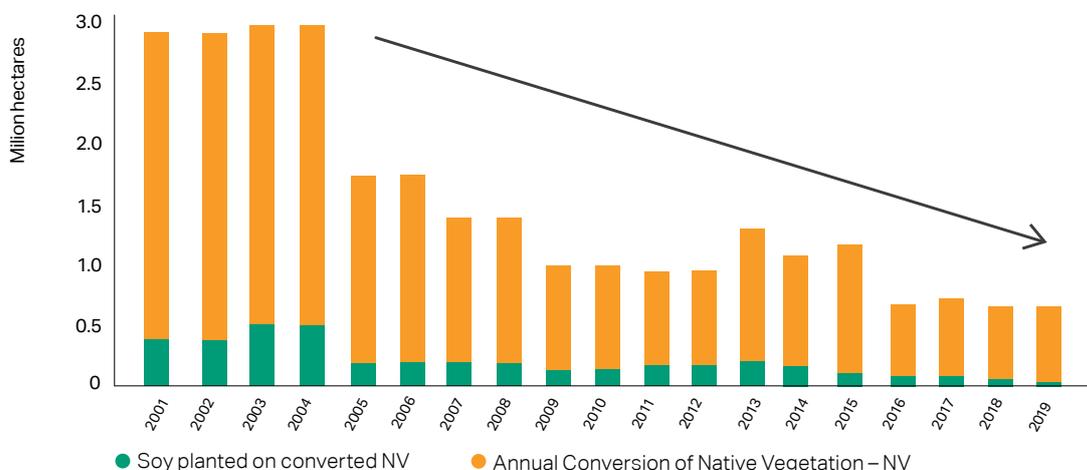
In the last 15 years the soy area in the Cerrado expanded 86 percent, reaching 18.83 Mha. During the same period, soy-driven conversion of native vegetation in the biome has decreased by 58 percent. When we take a snapshot of crop 2019/20, we can observe that 81.1 percent was planted on land deforested prior to 2001, and that based on the last 3 years, soy being planted on recently deforested areas account for less than 0.5 percent of the total planted area in the Cerrado<sup>1</sup>. This means producers are finding new and sustainable ways to increase their yields, by expanding production on already cleared land or available pastures.

There are still many opportunities to accelerate this progress. Supplier engagement is not linear, and our initial research suggests that, besides public policies, technical and financial support for producers at the base of the supply chain will support the necessary transformation that can help us achieve our goals. Shifting practices to increase productivity in a sustainable and systemic way will require significant investment to build capacity and bring alternative solutions. In addition, producers will need to be compensated for not converting land when they are legally allowed to. As soy demand - and prices - continue to rise, everyone in the

supply chain who cares about a different way to produce food needs to join forces to offer an even more compelling business case for growers to protect their environments beyond their legal obligations.

Working in partnership with growers and others value chain stakeholders remains the only realistic way forward, and WBCSD's Soft Commodities Forum (SCF) – whose six member companies purchase an important share of the Cerrado's soy – is eager to accelerate progress.

**Figure 1: Soy of crop year 2019/20 in deforestation by year (prodes 2001-2019) and total annual deforestation Cerrado Biome**



The orange bars represent deforestation in the Cerrado mapped by PRODES. The green bars represent the amount of soy planted on deforested areas in the Cerrado. Both deforestation, and the amount of soy planted in newly deforested areas have decreased along the years. In crop year 2019/20, more than 80 percent (15.08 million hectares) of soy in the Cerrado was planted on land deforested prior to 2001.

## A refreshed strategy

To accelerate progress and optimize the way we work, we have conducted a strategic review in the past few months and consulted extensively with key stakeholders. In order to build on our success, **we are expanding our geographic scope of work by adding new municipalities to our original 25, so that our total scope will now represent 70 percent of recent native vegetation conversion to soy.** While this does not necessarily mean that every municipality that appears in the new list presents a high risk of deforestation to soy -- many of these have large extensions of consolidated soy farming areas cleared more than 20 years ago -- this significant expansion of our efforts will give us a greater understanding of the entire soy supply chain and provide additional opportunities for positive engagement with the wider supply chain. In the short term, this may also affect our indicators of success: for example, adding new territories to our measurements means that our percentages of traceability to farm may fall temporarily.

Our first workstream - **Monitor land use** – continues to build traceability and transparency in our upstream soy supply chains. Approximately 90 percent of the soy that SCF member companies buy from the original 25 priority municipalities comes directly from farms, and most members currently trace 100 percent of these direct purchases back to the farm with polygons. By December 2021, we expect to be mapping a minimum 95 percent of direct suppliers in the updated geographic scope back to farm, and also single point GPS traceability of indirect suppliers back to the first point

of aggregation such as **silos, or cooperatives.** This is a major step towards improved engagement and increased traceability. Combining this information with satellite data from our technical partners, we are expanding our knowledge of where deforestation is happening and why. We can therefore address it better and monitor progress too.

We are also continuing to advance our efforts to **Engage stakeholders.** Our upstream partners, Solidaridad and the Produce, Conserve, Include (PCI) Initiative, have so far engaged with more than 100 soy producers in the Cerrado to collect their views and opinions. Their research highlights the key drivers of land use change and shows that - when they have a compelling business case, including the right incentives - producers are willing to address deforestation beyond their legal obligations.

Downstream, we are building the foundations of a trustful and pragmatic collaboration with consumer goods companies. We all want to see clear progress towards sustainable soy supply chains and the creation of markets

where deforestation-free soy is the norm. All stakeholders will need to make significant effort to collaborate and - most importantly - allocate resources to deliver on our important goals.

The third workstream – **Transform landscapes** – will build on insights from our stakeholder engagement activities and implement solutions on the ground. Building on accurate data and engagement along the entire value chain, our goal is to transform landscapes in a holistic manner. By involving all stakeholders, we aim to build trust, sustainable livelihoods, and reduce deforestation.

This ambition is within our collective reach more than ever before. Our focus now is to accelerate our progress in Mato Grosso and Bahia, where an assessment of producers' profile has already been finished, pilot a portfolio of solutions in both regions, and then, next year, expand the work with producers and customers alike to apply specific solutions at landscape level for the other priority regions.



# ① About the Soft Commodities Forum (SCF)



# 1 About the Soft Commodities Forum (SCF)

**Companies that buy, sell and process soft commodities play a unique role in connecting soy supply with customers all around the world. They are like an optic fiber that connects consumers, producers, and the markets, and therefore have a unique opportunity to help drive progress towards the elimination of soy-driven deforestation.**

The complexity of soy supply chains means that no single business can tackle deforestation alone. Collaboration between them helps to move the entire sector forward together, establishing and applying standards and solutions.

In 2018, the Soft Commodities Forum (SCF) was established to enable this collaboration making it the only forum in which member companies have agreed to find collective solutions to common sustainability challenges, bridging global goals with local realities.

The SCF's six current members - ADM, Bunge, Cargill, COFCO International, Louis Dreyfus Company (LDC), and Viterra- have all pledged to make their soy supply chains free from deforestation and native vegetation conversion (NVC) balancing economic, social and environmental priorities.

**Our initial focus is on Brazil's Cerrado region, delivering progress via three key workstreams:**

## Monitor land use

SCF member companies collect data from satellite images and their supply chains to identify and address any risks of deforestation and NVC. The data is also used to demonstrate impact and progress over time.

## Engage stakeholders

Consumer-facing companies want to buy soy that is free from deforestation and native vegetation conversion (NVC). At the same time, producers are willing to address deforestation in a way that goes beyond their legal obligations, given the right incentives to protect their livelihoods. SCF member companies want to facilitate this dialogue with partners up and down the supply chains to identify joint solutions that add value for producers and consumers alike.

## Transform landscapes

Through targeted projects on the ground, SCF member companies support landscape transformation, calling for the entire value chain to adopt solutions to incentivize and scale the sustainable production of soy. Widespread, multi-stakeholder investment will be needed to encourage long-term sustainable change.

**THE SCF PUBLICLY REPORTS ITS PROGRESS TWICE A YEAR, IN JUNE AND DECEMBER.**

Hosted by the World Business Council for Sustainable Development (WBCSD), the SCF contributes to the Food & Nature program agenda by focusing on promoting nature, climate and farmer positive production of soy, contributing to Food Systems Transformation.

The SCF secretariat facilitates dialogue and the pooling of resources and information. The SCF welcomes open dialogue with stakeholders in the soy value chain as well as the wider community. Lessons learned from the Cerrado will be essential to scale efforts to other crops and biomes globally.

# 1 About the Soft Commodities Forum (SCF)

## About this report

Put together in a collaborative and inclusive process, SCF progress reports help to build a shared understanding, vision and strategy towards a lasting solution on soy-driven deforestation and native vegetation conversion (NVC) in Brazil's Cerrado region.

This report, the fifth so far, outlines progress since December 2020.

Apart from compiling the member companies' key traceability data, the report explains the SCF's expansion of work to cover 70 percent of the conversion of native vegetation to

soy, as well as providing updates to the SCF's indicators of success and progress on the SCF's three refined workstreams.

### SCF's workstreams



**Monitor  
land use**



**Engage  
stakeholders**



**Transform  
landscapes**

By publishing this report the SCF's six member companies, all leading global agribusinesses and nutrition companies, reaffirm their full commitment to an industry-wide solution that will support increased soy production while allowing the Cerrado to thrive.

Our special thanks go to **Abiove, Agrosatelite, The Consumer Goods Forum, The Tropical Forest Alliance (TFA), The Nature Conservancy (TNC), Proforest, Produzindo Certo, the Produce, Conserve, Include (PCI)**

**Initiative, Solidaridad Brazil**, and other key partners both within the value chain and beyond. We greatly appreciate your engagement, support, advice and challenges over the years.



## ② Where we work



## 2 Where we work

**In the 2019/2020 crop year, the amount of soy planted on top of areas cleared between 2014 and 2019 was 0.48 million hectares in the Cerrado, of which 77 percent is concentrated in Matopiba<sup>2</sup>.**

This conversion, far from being widespread across the entire biome, is more prevalent in specific regions of the Cerrado, including Matopiba, where approximately 77 percent of soy driven conversion is concentrated within the Biome. The SCF continues to believe the most effective way to address deforestation is to focus our efforts on those areas.

In 2019 we selected 25 priority municipalities which together account for approximately 44 percent of the Cerrado's soy-driven native vegetation conversion. Since June 2019, we have been working to achieve 100 percent traceability

to farm, strong engagement with our supply base, and the sustainable transformation of landscapes in these municipalities.

In March this year, we launched a public consultation to help update our approach and to cover a wider percentage of risk. More than 30 representatives from academia, civil society, and the private sector shared their views.

As a result of this consultation, **we have significantly increased the number of focus municipalities for the project and expanded our scope to cover 70 percent**

**of recent deforestation related to soy in the Cerrado.** These municipalities account for 26 percent of all soy planted in the Cerrado in 2019/2020, and when combined with the overall decline in soy-driven conversion taking place across the biome, this represents a major expansion of our cooperative work to protect native vegetation while promoting sustainable soy expansion.

It is important to mention that by expanding the scope to reach 70 percent, we are including new municipalities which may have a very low rate of conversion to soy.

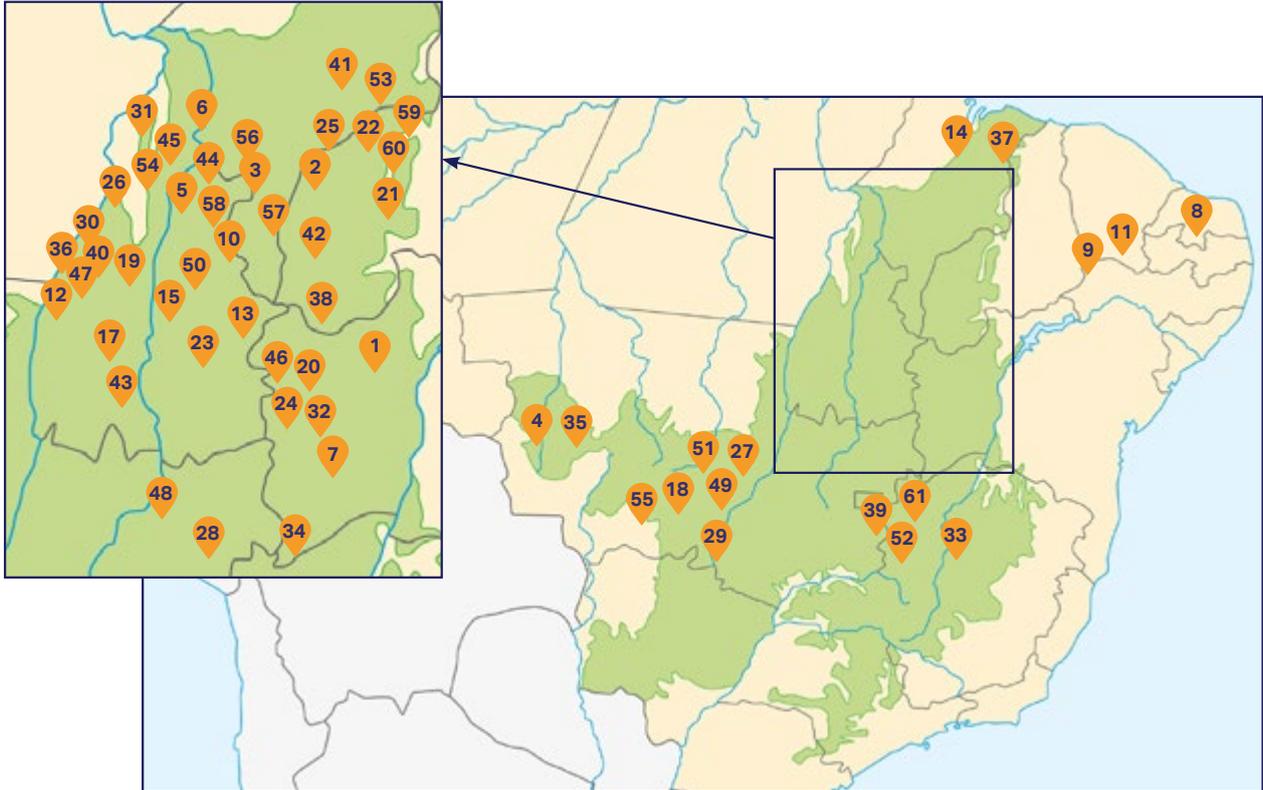
We will aim to achieve our traceability targets against our existing and new indicators - including traceability to farm for direct sourcing - for the new focus municipalities by December 2021, prioritizing collective action in those areas with the highest current and future risk of conversion to soy.

Updates to our scope will be done every three years, to ensure we strike the right balance between delivering progress while keeping up with the latest data and trends, following land use changes.



## 2 Where we work

Map 1: SCF focus municipalities



1	Aparecida do Rio Negro	14	Mirador	27	Água Boa	40	Dois Irmãos do Tocantins	53	Pastos Bons
2	Baixa Grande do Ribeiro	15	Monte do Carmo	28	Água Fria de Goiás	41	Fernando Falcão	54	Pedro Afonso
3	Balsas	16	Peixe	29	Alto Araguaia	42	Gilbués	55	Poxoréu
4	Campos de Júlio	17	Pium	30	Araguacema	43	Gurupi	56	Riachão
5	Campos Lindos	18	Planalto da Serra	31	Barra do Ouro	44	Itacajá	57	Santa Filomena
6	Carolina	19	Porto Nacional	32	Barreiras	45	Itapiratins	58	Santa Maria do Tocantins
7	Correntina	20	Riachão das Neves	33	Buritizeiro	46	Luís Eduardo Magalhães	59	Sebastião Leal
8	Currais	21	Ribeiro Gonçalves	34	Cabeceiras	47	Marianópolis do Tocantins	60	Sebastião Leal
9	Formosa do Rio Preto	22	Sambaíba	35	Campo Novo do Parecis	48	Niquelândia	61	Unai
10	Goiatins	23	Santa Rosa do Tocantins	36	Caseara	49	Nova Nazaré		
11	Jaborandi	24	São Desidério	37	Caxias	50	Novo Acordo		
12	Lagoa da Confusão	25	Uruçuí	38	Corrente	51	Novo São Joaquim		
13	Mateiros	26	Abreulândia	39	Cristalina	52	Paracatu		

A detailed description of our updated methodology to select priority municipalities can be found in the References section of this report and [on our digital report webpage](#).

## ③ Monitor land use



## 3 Monitor land use



### Why we do it

Tackling deforestation and conversion risks begins with a transparent and credible picture of where soy comes from. By tracing soy all the way down to the farm, and therefore being able to identify whether it is linked to deforestation, conversion, or other issues at farm level, SCF members can focus their efforts where they matter most, and measure progress towards the elimination of soy-driven conversion and deforestation in the Cerrado.



### Where we are

In 2020 the SCF set a target of at least 95 percent traceability to farm for all the soy sourced directly from producers in priority municipalities that represented 44 percent of the conversion of native vegetation to soy in the Cerrado. In December last year, we were proud to report that all members had reached this target, with the majority exceeding it and reporting 100 percent of their direct sourcing in the priority municipalities as traceable to farm.

Today, we are equally proud to **expand our efforts to cover 70 percent of recent conversion of native vegetation to soy in the Cerrado**. In addition, **we have updated our methodology, linking traceability of direct suppliers to polygons, rather than GPS points, to improve the accuracy of traceability information**.

Each company's individual reports – now reflect our new, expanded scope and updated methodologies. It is important to note that, because new regions are being included in our data for the first time, the traceability to farm figure encompassing the new locations shall only be fully available in the December report. The inclusion of new municipalities, many of which are in consolidated agricultural areas, requires a greater number of suppliers (polygons) to be mapped.

**Click on the logos to view SCF companies' individual reports**





### What's next

**We will also map 100 percent to the loading point of indirect suppliers (for example, silos, or cooperatives) in all focus municipalities by the end of 2021.** Mapping indirect suppliers is a critical stepping-stone to identify where engagement. A priority for the rest of the year will be to develop a sector-wide approach for engaging this portion of the members' supply chains.

In parallel, **we will develop a common plan to engage third party suppliers and joint venture partners**, aiming to raise

awareness of deforestation and build traceability infrastructures and capability across our indirect suppliers and those who supply them.

Finally, traceability to farm is only one means towards decreasing soy-driven deforestation and the conversion of native vegetation.

**We are developing a common methodology to measure - and report on - the deforestation and conversion free (DCF) soy footprint in the SCF focus municipalities.** Building the

visibility of DCF soy will increase confidence in sustainable soy production and provide information on the best incentives and solutions to drive success, getting us as close as possible to a world free from soy-driven conversion. We will share a final methodology in December and aim to start reporting in June 2022.



Credits: Solidaridad Brazil

## ④ Engage stakeholders



## 4 Engage stakeholders



### Why we do it

The soy supply chain is particularly complex, involving diverse stakeholders in different geographies and with different agendas. This makes it difficult to tackle key challenges, such as deforestation and the conversion of native vegetation.

**SCF members occupy a unique position within this value chain, connecting producers with feed and retailers downstream.**

Beyond the value chain, we also operate in a complex ecosystem of stakeholders, including civil society, community leaders, investors and governments.

This gives us a unique opportunity to identify and pursue common agendas and points of leverage across the soy value chain, helping to simultaneously support the livelihoods of producers and meet growing global consumer demand for more sustainable food and feed products, all while protecting natural resources.



### Where we are

Since 2020, we have worked with Solidaridad Brazil and with Produzindo Certo as part of the Produce, Conserve, Include (PCI) Initiative. Despite a global pandemic that has limited the ability to engage producers face to face, these organizations have helped us partner with more than 100 farmers in Bahia and Mato Grosso to identify and understand opportunities on the ground.

Across the Cerrado, producers are already making progress, from testing solutions like no-tillage system to increase productivity on existing land, or to expanding over available pastures. More opportunities to drive a long-lasting transformation of soy production will come through support for technical assistance, the promotion of good agricultural practices that increase productivity, and favorable credit lines and payments to producers who go beyond their legal obligations to maintain forest and native vegetation intact.

Downstream, **our priority for 2021 is to continue to address the complexities of the**

**supply chain with consumer goods companies by working collaboratively via other multi-stakeholder platforms. We expect this engagement will also help stakeholders understand that everyone along the supply chain is accountable and capable of driving transformation.** In the last six months, we have taken important steps in this direction, beginning with the creation of a shared understanding of risk and opportunities. This lays the foundation that will enable these important stakeholders to join us in this journey, allocating resources for joint commitments at landscape level.



### What's next

We will continue to engage with producers, elevating their voice within multi-stakeholder dialogues and supporting solutions that begin in the field. We'll bring these insights to our engagement with downstream players, building solid and ambitious joint plans, testing solutions together, and establishing a solid market for soy that is free from deforestation.



We believe in the power of reflection, dialogue, and collaboration as we work to build a forest positive soy sector. We also believe that each company and organization in the soy supply chain has an important role to play to achieve in combating deforestation. This is why, throughout 2020 and 2021, with the help of the Tropical Forest Alliance and WBCSD, we have been building a dialogue with The Soft Commodities Forum, through a number of meetings and workshops, with one clear goal: re-establish relationships, networks and trust between the various member companies in the soy supply chain. This effort is perfectly aligned and reflected in the Soy Roadmap, published last year by The Consumer Goods Forum Forest Positive Coalition Soy Working Group. We look forward to continuing this dialogue with the Soft Commodities Forum and drive collective action towards a forest positive future.

**Jeroen Gerlag**  
Chair Soy Working Group,  
Consumer Goods Forum Forest Positive Coalition



# ⑤ Transform landscapes



# 5 Transform landscapes



## Why we do it

Deforestation is a leading driver of climate change, and in the medium term it also impacts the productivity of entire landscapes and negatively affects rural livelihoods, especially in key producing countries like Brazil. To address it, we will need to develop and test solutions at farm and landscape level, ultimately bringing tangible benefits to those who live there.



## Where we are

Throughout 2020, we collected insights from producers in Western Bahia and Mato Grosso in order to identify priority actions to engage and incentivize them to produce soy sustainably and avoid clearing of native vegetation on their land. **In Bahia**, a significant portion of producers interviewed still see clearing of native vegetation as an attractive and financially sustainable option to

expand soy production, but there are clear opportunities to help influence and change practices.

**In Mato Grosso** farmer profile is different, with significant opportunities to increase crop productivity. Providing technical assistance to producers in this area, combined with addressing critical gaps, including, amongst others, implementation of the Forest Code, seems the most effective way to address deforestation and promote sustainable soy production.

The team is focusing on clusters of producer profiles and respective solutions, taking into account the gaps and opportunities of the properties of the interviewed producers, with expectations of scaling this model to a landscape view by state. Our conversations made it clear that producers will respond to the right incentives, and now stakeholders need to come together to offer

practical solutions to encourage low carbon agricultural practices -like no tillage, increase access to long term credit lines for producers committing to sustainable production, combine pasture lands with land leased for soy producers and restoration.

**Based on these insights, and using producers and farms profiles, SCF members are working to design targeted bundles of solutions and incentives for producers, as well as a framework to measure impact and progress over time.**



## What's next

These solutions will require the entire value chain to engage, first and foremost by quantifying and mobilizing the necessary investment and enabling factors that will bring value to the producers.



## ⑥ Stories from the field



## 6 Stories from the field

### Bahia: At the helm of sustainable soy production in the Matopiba region

As a 12 year old, **Celito Breda** already picked soybeans with his own hands in the region of Jacutinga, countryside of Rio Grande do Sul. He took a liking for soy and continued to grow food, spending more than a decade working with agriculture in southern Brazil. In 1988, he migrated to Western Bahia, where he became one of the pioneers of what would become a hub of agricultural producers. He started with irrigated beans, but soon after began planting soybeans.

The region where his farm is set up is known as Matopiba (At the juncture of the states of Maranhão, Tocantins, Piauí, and Bahia), and comprises

337 municipalities that add up to about 37 million hectares of the Cerrado Biome, the second largest in South America. It is a very dry ecosystem, fertile ground for extreme meteorological phenomena, such as the “veranicos”, periods of drought with intense heat and sunstroke that can compromise entire soybean crops.

The “veranicos” frightened **Luiz Pradella** in his first season in western Bahia. During the 2001/2002 harvest, the lack of rainfall resulted in a loss of almost 100 percent of production. In the following harvest, it was the pests that devoured the crop.

Much like Celito, the Pradella family also switched from growing soybean in South Brazil, in Paraná, to the new frontier of the Cerrado. They were attracted to a region that until then was barely explored and lacked infrastructure, but which offered large amounts of land for more advantageous prices.



Working on agricultural frontiers was very challenging. There were uncertain climatic factors, very fragile soils, new and unknown pests.

Celito Breda



## Both producers would soon find out it would be necessary to work with nature.

Historically, the conversion of native vegetation into productive agricultural areas has been the means for farmers to ensure short-term profit. However, it is the increase in crop productivity harvest after harvest that makes Matopiba a good place for soybeans.

“We started experimenting with sustainable practices because we need stable, balanced and harmonious environments,” Celito says. Together with Luiz Pradella and other producers, he has begun to adopt No-Tillage Systems (NTS), to improve the infiltration of water into the soil and increase the capacity of plants to absorb more nutrients, ultimately increasing yields.

Pradella celebrates the results. “With better soil, we produce more: we jumped from 3 tons of soybean per hectare to up to 5 tons per hectare,” he says. In addition to the gain in productivity, he reports that in 13 years of NTS, there was an increase of 0.8 percentage points of carbon in the soil. This equates to an equivalent average accumulation of 215 trees with 10 years of life, or the burning of more than 25,000 liters of diesel fuel.

Systems like no-tillage are just one example of how producers in Bahia are looking for sustainable ways to increase production of soy, without converting native vegetation.

**Juliana Monti, coordinator of the soybean program at Solidaridad Brazil**, describes this process of change in production pattern: “When they arrived, more than 20 years ago, converting native vegetation guaranteed gains and made good business sense; now, they need to serve a market that requires soybeans produced with sustainable practices and deforestation-free areas”.

According to research by Solidaridad, there is hunger for agricultural expansion in Matopiba. About 60 percent of landowners in western Bahia plan to expand soybean production. And while, to date, 54 percent of producers still see conversion as the most financially sustainable option to expand their production, an ever-larger proportion of them sees opportunities to increase productivity and expand into available cleared areas as a suitable alternative. Incentives and investment will play a key role here. In fact, **67 percent of producers surveyed as part of a**

**Solidaridad study funded by the SCF in Western Bahia shared that the key to expanding in cleared areas are financial incentives and subsidies.**

“We have the challenge of finding the point of intersection between producer and industry demands,” says Juliana. “Payment strategies to preserve Cerrado native vegetation need to be built together with producers. Any solution will need not only to be effective, but also present clear benefits for producers”.

Producers like Celito and Luiz seem to echo this sentiment, and many of them look at carbon markets as clear opportunities to receive payments for the large amount of carbon hijacked by their land. “Our region could grow horizontally up to 70 percent and vertically about 500 percent in the next 20 to 40 years. For this, we need a lot of support inside and outside the gates,” urges Celito. “I’m a born optimist,” shares Luiz. “Within the gate we’re doing our part: learning and improving productivity, using less impactful and more sustainable techniques”.



Within the gate we’re doing our part: learning and improving productivity, using less impactful and more sustainable techniques.

Luiz Pradella



# Stories from the field

## Mato Grosso: reducing deforestation to grow more

Nowhere in Brazil is the production of soy as big as in the state of Mato Grosso. Of the roughly 125 million tons of soybeans grown in the country in the 2019/2020 crop, more than a quarter originate in Mato Grosso.

The leadership of Mato Grosso in Brazilian soybeans is recent. Historically, the southern states of Rio Grande do Sul and Paraná were the main producers of the grain. During the 1980s, crops began to multiply in the Brazilian Midwest, the result of a diaspora of Southern producers in search of cheaper land in soils equally suitable for soybean cultivation.

At the turn of the 1990s to the 2000s, Mato Grosso would take the lead in the national soybean ranking, a position it still maintains with almost twice the production of its closest competitor. In 2021 the volume of hectares destined for soybean

cultivation is expected to exceed 10 million.

Soybeans, alongside livestock, became the flagship of agribusiness expansion in Mato Grosso. Today, the sector is responsible for more than 50 percent of Mato Grosso's GDP - the highest percentage in the country. And it was also the engine of a start in the state's economy: its GDP per capita jumped from R\$ 7,928.00 in 2002 (Brazil's was R\$ 8,378.00) to R\$ 37,914.00 in 2017 (in the same year, Brazil registered R\$ 31,587.00).

So much strength didn't come without side effects, however. Agricultural expansion occurred at the expense of forests and other natural habitats in the Amazon and Cerrado biomes. Spatial forest monitoring systems registered record deforestation in 2003, spurring a series of

federal public policies from 2004, which began slowing the pace of destruction. It worked.

**Since 2004, deforestation has plummeted in Mato Grosso, although it has registered a reflux since 2019. Part of the success of the strategy, which aimed to balance environmental protection with agricultural productivity, is the establishment of the Produzir, Conservar, Incluir (PCI - Produce, Conserve, Include) Initiative in 2015.** The initiative, to which the SCF contributes since 2020, aims, amongst several goals, to reduce deforestation of the Amazon forest and the Cerrado by 90 and 95 percent respectively, to recover natural forests, to increase soybean and livestock production, and to provide technical assistance to more than 100,000 small farmers in the state.



Our goal is to coordinate public and private actions to bring investments to the sector, which is fundamental to make the goals happen.

Fernando Sampaio  
executive director of Instituto PCI



“Agribusiness continues to grow and export a lot, but there’s hope that Brazil will be able to meet the total demand while conserving biodiversity and responding to the challenges of climate change”, **shared Fernando Sampaio, executive director of Instituto PCI.** “Our goal is to coordinate public and private actions to bring investments to the sector, which is fundamental to make the goals happen.”

“Mato Grosso is centered in the eyes of the world and is under pressure from world trade due to its concentration of environmental assets. And producers also feel this pressure,” **said Maria Zelma Gomes, project coordinator for Produzindo Certo,** an organization that works in partnership with PCI in technical and logistical support for soybean production.

As part of the SCF-PCI collaboration, Maria worked on the front line to connect with and establish socio-environmental assistance of 50 farms in Mato Grosso. The diagnosis prepared by Produzindo Certo indicates that most producers claim to have an interest in expanding production to already open areas or converting pasture into agriculture – thus avoiding any advance on native vegetation.

To do this, however, producers are asking for help. The appeal, especially for small and medium-sized businesses, is for more attractive financing and subsidies and more affordable technical assistance regarding best practices. “It’s an open-air industry and there are variations: climate oscillation greatly influences routine and price variation, due to exchange rate fluctuation or labor turnover,

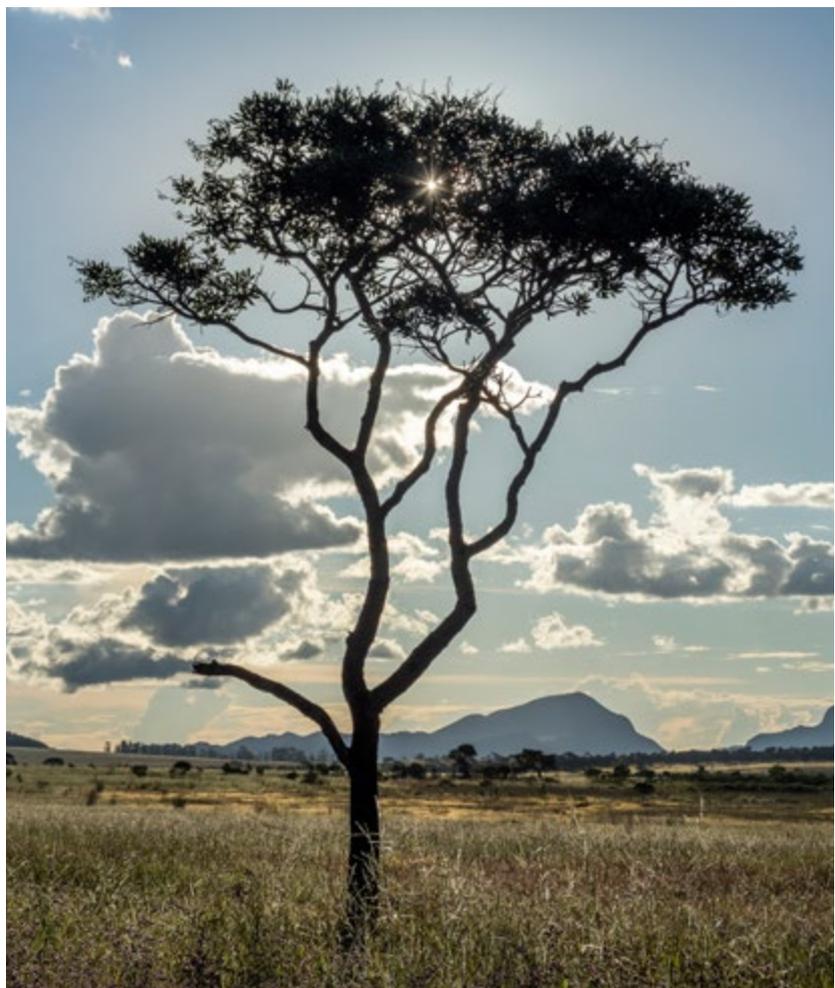
which interferes with planning,” explains Maria Zelma.

Two examples of how it is possible to quickly make the curve and adopt more sustainable practices are the municipalities of Campos de Júlio and Planalto da Serra.

In Campos de Júlio, the state’s largest GDP per capita, the soybean boom enriched the city, but deforested about 225,000 hectares of native vegetation. Through monitoring and support action, deforestation was drastically reduced: in 2019 it registered 92 percent less than the base period 1996-2015.

In Planalto da Serra, deforestation reduction was even greater: 94 percent in the same period. The municipality is also moving forward in another important aspect. Approximately 75 percent of the current production is grown on family farming properties. And this is one of the top goals of the PCI for soybeans in Mato Grosso: to increase, by 2030, the share of family farming in the domestic market from 20 percent to 70 percent and in institutional markets from 15 percent to 30 percent.

“This is how we can have a really sustainable territory,” concludes Fernando Sampaio.



# 7 Methodologies and References

## Methodologies

### Selecting focus municipalities

The following methodological approach was used to determine the 61 focus municipalities for SCF members' reporting and collective action (please note the original 25 priority municipalities - most of which are still at the top of the list of native vegetation conversion to soy - remain in the scope):

Out of the 5,570 municipalities in Brazil, focused municipalities must have at least 95 percent of their territory **in the Cerrado**.



The area of planted soy in focus municipalities **must be larger than 5,000ha** (PAM/IBGE 2020).



Focus municipalities must be within the region's top municipalities measured by:

**1) area of native vegetation converted to soy** (Agrosatelite 2019/20 Soy Expansion Report, and PRODES 2018/2019) and

**2) availability of remaining surplus native vegetation suitable for soybeans in soy farms.**



Focus municipalities must have **at least 2 SCF members operating (sourcing or have physical presence) within their boundaries.**

The SCF will review and update its scope and focus municipalities every 3 years, according to latest available data.



Credits: Solidaridad Brazil

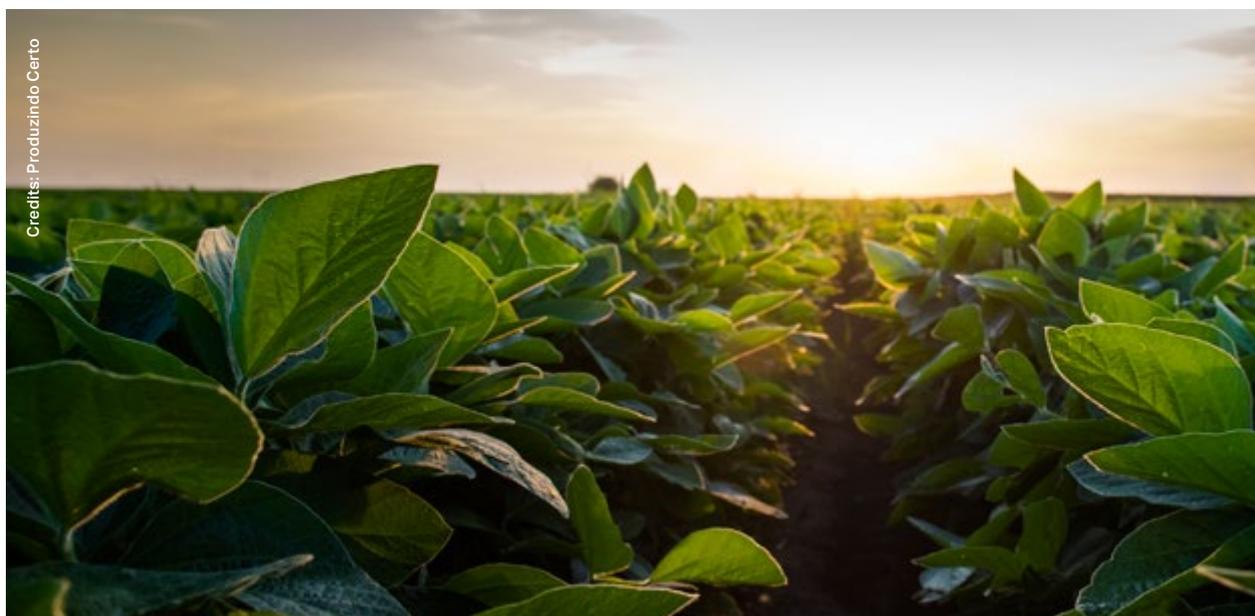
### Monitoring traceable volumes

The following methodological approach is used by members individually to produce the volume KPIs reported annually:

- 1. Soy volume sourced in Cerrado:** the proportion (in tonnes) of soybean volume that was sourced by the member company from the Cerrado biome, in municipalities with at least 95 percent of its territory in the biome, compared with the total volume sourced out of Brazil by reporting company. This information is reported as percentage of soy sourced in Cerrado and percentage of soy sourced in other biomes.
- 2. Soy volume sourced in Focused Municipalities in Cerrado:** from total in step 1, the proportion (in percent) of soybean volume that was produced in the focus municipalities, by considering the municipality of the supplier. This information is reported as percentage of soy sourced in focus municipalities and percentage of soy sourced in other Cerrado municipalities.
- 3. Direct and indirect sources:** from total in step 2, the proportion (in percent) of soybean sourced directly from farmers and the proportion sourced from third parties, by considering the type of activity of supplier (using the supplier's tax registry number as a source). This information is reported as percentage of direct sources in PMs and a percentage of indirect sources in PMs.
- 4. Volume traceable and not traceable:** from total volume of direct sources (step 3), the proportion of volume that is traceable to farm, by considering information of farm location provided by supplier. Volumes is classified as traceable to farm when there is a polygon of the farm where soy was produced. This information is reported as a percentage direct sources traceable to farm in the original 25 priority municipalities and a percentage of direct sources not traceable to farm in the original priority municipality. Companies will obtain at least 95 percent of direct soy volumes as traceable to farm starting from December 2020.

### References

<sup>1,2</sup> ABIOVE and Agrosatélite, 2021. Technical Report: Cerrado soy dynamics with focus on the 61 priority municipalities updated for crop year 2019/20 vs. PRODES 2014-2019. Available on: [https://wbcsdpublications.org/scf/wp-content/uploads/2021/06/Soy\\_Dynamic\\_2019-20\\_AGROSATELITE\\_SCF\\_V1.pdf](https://wbcsdpublications.org/scf/wp-content/uploads/2021/06/Soy_Dynamic_2019-20_AGROSATELITE_SCF_V1.pdf)



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