



The role of ProTerra certification in a sustainable soy strategy



The role of ProTerra certification in a sustainable soy strategy

As global demand for soy increases, the increase in yields and potential expansion of farmland needed to provide the volumes needed is of huge international concern. As different pathways emerge to address the challenges inherent within the soy industry, there is a need for clarity on what part certification plays in this, and why it is needed.

Soy Sector Challenges

The links between soy production and deforestation, use of agrochemicals and infringements of indigenous peoples' rights have been well publicised. Though it is grown around the world, the majority of all soy is produced in South America and the US¹, and focused within specific regions – such as the Cerrado biome in Brazil. The legal frameworks within these different producing countries vary, with some land and indigenous communities being protected by national legislation, while other legislation allows expansion into primary forest and grassland.

Despite the large number of farmers and of downstream consumers of the soy (e.g. livestock producers), the soy sector is dominated by a relatively small number of major commodities traders, with just 5 companies controlling 50% of soy exports from Argentina, Brazil and Paraguay². The structure of the soy value chain, with this narrow point, as well as the disaggregated nature of both ends of the chain, leads to a high degree of opacity, with a limited flow of information both up and down the value chain – e.g. demand signals flowing up to traders and producers, and origin information flowing down to customers³.

Soy, like many other commodities, is also being targeted by new legislation, particularly in Europe where the plan for new due diligence legislation received overwhelming support from the European Parliament in March⁴. These kinds of due diligence frameworks put the onus on downstream users of soy to prove their supply chains are free of exploitation and are not contributing to deforestation and land conversion (whether illegal or legal in the producing country).

No single mechanism in isolation can solve problems as complex as those posed within the soy supply chain. Instead, a combination of direct supply chain approaches and whole system initiatives are needed (see figure 1). Certification forms a key part of this suite of mechanisms, addressing different challenges, and being an enabler to some of the other mechanisms. For example, certification goes beyond the minimum requirements for the actors within the system, as defined by national legislation. Also, the transparency it can grant within the supply chain enables companies to identify the origins of their soy, and therefore where they may wish to invest in landscape-based initiatives.

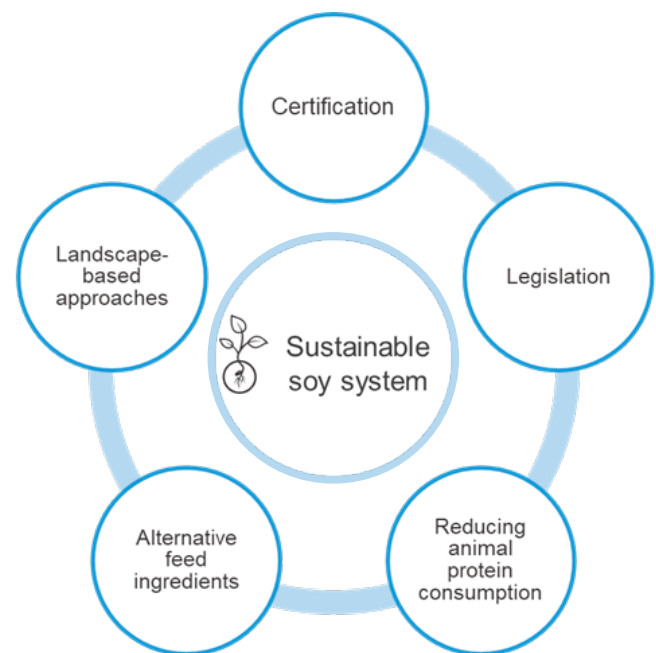


Figure 1 – Pathways for driving the move towards a more sustainable soy system

Transparency within the soy supply chain remains a significant blocker to organisations being able to gain a full understanding of their own potential impact. For many companies who form the final links of the soy value chain, even a continent level traceability is not currently available⁵. The flow of this information often stops at the points in the supply chain where mixing of different soy batches tends to take place (see figure 2).

Without this view of risk exposure within their supply chains, companies lack certainty as to how responsible their supply chain is, and are unable to make informed decisions on how they can best apply pressure or funnel incentives to influence the soy system.

1 - IDH (2020) – European soy monitor

2 - Trase (2020) – Yearbook: Highlights – Traders and markets

3 - Soy Transparency Coalition (2021) – 2020 Trader Assessment: Public report

4 - European Parliament (2021) - Press Room, MEPs: Companies must no longer cause harm to people and planet with impunity

5 - 3Keel LLP (2020) – Moving to deforestation free animal feed in Europe: 2019 collective retail soy initiative, p.20

The role of ProTerra certification in a sustainable soy strategy

The need for greater transparency

This is particularly the case for disaggregated supply chains such as pork, beef and dairy, where thousands of livestock producers can be present, all of whom could be sourcing varying feed mixes from different feed mills.

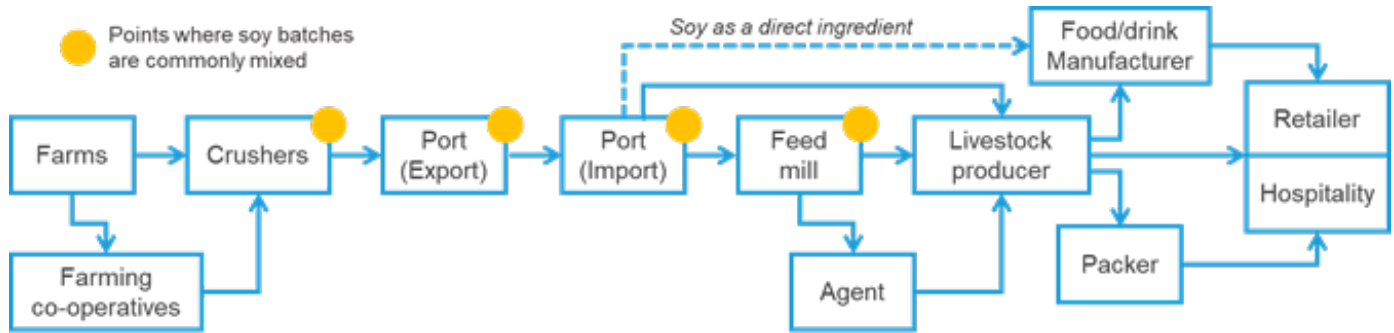


Figure 2 - Simplified diagram of the soy value chain

The role that certification plays

Every business has a role to play in ensuring environmentally and socially responsible supply chains develop sustainably. Whilst other pathways towards a more sustainable soy system focus on wider industry transformation (legislation and landscape-based approaches) or reducing soy use (reducing animal protein consumption and alternative feed ingredients), certification is the main direct approach for a company to address the responsibility of the soy currently within their supply chain.

The World Economic Forum's recent [whitepaper](#) on measuring stakeholder capitalism acknowledged the important part that certification plays in holding companies accountable for their sustainability commitments. Sustainability certification standards/management programmes are included as one of the key indicators for an organisation's progress on minimising nature loss and maintaining/improving the quality of the land used within their operations⁶. As such, chain of custody sustainability standards also enable companies to make externally auditable claims on the origin of their soy, and how responsible their soy supply chain is.

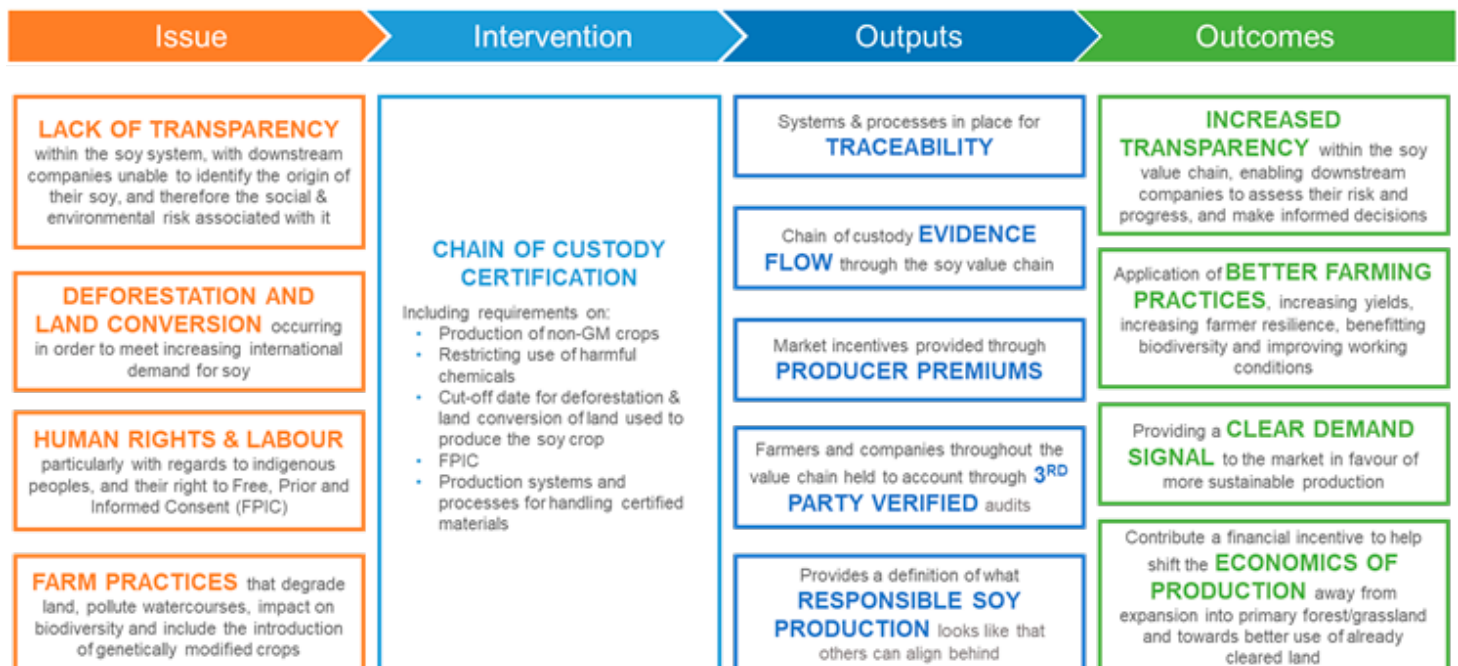


Figure 3 - The role that chain of custody certification schemes play in driving a more sustainable soy system

The role of ProTerra certification in a sustainable soy strategy



By providing a mechanism for information and evidence to flow down the value chain, chain of custody certification fills an essential gap in current due diligence processes within the soy sector. A study of European retail supply chains found that 58% of all soy embedded in the animal feed for the products included in the analysis was not able to be linked to any single country/continent of origin⁷. The availability of origin information was dramatically higher in supply chains with higher certification levels (e.g. aquaculture and poultry) than those with little or no certification (e.g. beef, lamb)⁸.

By defining terms that can vary hugely across the industry and creating a reference point for what good looks like, certification schemes also give the industry something to align behind, even if the certification itself is not adopted. This is particularly true for the definition of deforestation and land conversion, which varies considerably across the soy industry, and can have a profound effect on reporting and baselining⁹.

For an end user company, sustainably certified soy within the supply chain brings:

- ★ A standard of environmentally and ethically responsible soy within the supply chain which goes above the minimum requirements laid out by national legislation.
- ★ Greater certainty for the business when making public claims, with traceability of materials back through the soy value chain which has been verified by external auditors.
- ★ Contributory evidence to demonstrate due diligence has been undertaken within their own supply chain to meet emerging due diligence requirements.
- ★ Increased knowledge of the origins of the soy within their direct supply chain, and therefore which are the regions they have the biggest impact and scope for influence.
- ★ A clear reference for what is expected from suppliers, defining what they see as sustainable soy.

The ProTerra standard only certifies producers who meet requirements to address a spectrum of environmental and social issues, including deforestation and land conversion, biodiversity, farming practices (including bans on use of harmful pesticides and GMO crops), labour practices, and FPIC.

