



Ministry of Foreign Affairs



National Committee
of The Netherlands



ONLINE TRAINING SERIES BEEF PRODUCTION & SUPPLY CHAINS

Part III – Risk identification, tools and corporate engagement

A just world that values and conserves nature.

Welcome on behalf of the hosts



Sandra Mulder
WWF-NL



Marianne Hilders
IUCN NL



Mart van Kuijk
VBDO

Shared Resources Joint Solutions Programme,
together with the Ministry of Foreign Affairs of the Netherlands



Speakers part I & II

I



Fabiana Arévalos

&



Araceli Duré

Guyra Paraguay



Simon Hall

National Wildlife Federation / GRSB



Maria Lettini

FAIRR

II



Bianca Nakamoto

WWF Brazil



Rachael Sherman

McDonald's Corporation



DNB and PBL: loss of biodiversity leads to financial risks

DNB and PBL carried out a joint study titled “Biodiversity and the financial sector: a cross-fertilization?”

DNB notes that Dutch financial institutions have hundreds of billions of euros in outstanding loans on which they may be exposed to risks as a result of loss of biodiversity.

Trillion-dollar investors warn Brazil over 'dismantling' of environmental policies

5 days ago - Seven major European investment firms told Reuters they will divest from beef producers, grains traders and even government bonds in Brazil if they do not see progress in resolving the surging destruction of the Amazon rainforest (Reuters).

Yesterday - Open letter from 30 financial institutions to halt deforestation in Brazil, including NNIP, a.s.r., ACTIAM and Robeco, which calls Brazilian government to halt deforestation.

Biodiversiteit en de financiële sector: een kruisbestuiving?

Verkenning van risico's van biodiversiteitsverlies voor de Nederlandse financiële sector

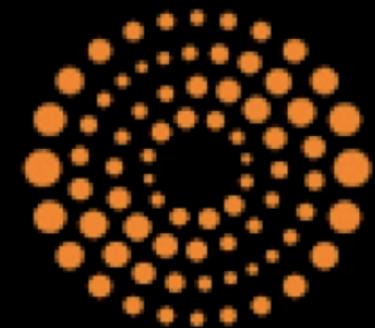
Juni 2020

DeNederlandscheBank

EUROSYSTEEM



Planbureau voor de Leefomgeving



REUTERS®

Webinar Part III

Risk identification, tools and corporate engagement



Some basic rules for today

- Please put your microphone on mute
- If you have a question:
 - use the “raise hand function” or
 - post your question in the chat box or
 - use your voice
- Presentations will be recorded for internal use, discussions are under Chatham House Rules

Who's participating?

Please write in the chat function:

- Your name and organisation
- Where are you now? Home, garden, the attic, basement, your office?
- What's your estimate of the temperature?



Today's speakers

Karina & Tom



Karina Carius de Barros



Tom Barron





ACTIAM - Investing in the beef supply chain

VBDO Webinar series

24 June 2020

Responsible for growth

As an institutional or private investor, you are not just focusing on financial returns. You want to have impact: on our planet, on the climate, on human rights. You would like to use your investments to create a more sustainable, cleaner and fairer world. However, you also prefer a solid financial result. At ACTIAM, financial and social return go hand in hand. We are 'Responsible for Growth'.

AuM

€59.6 billion

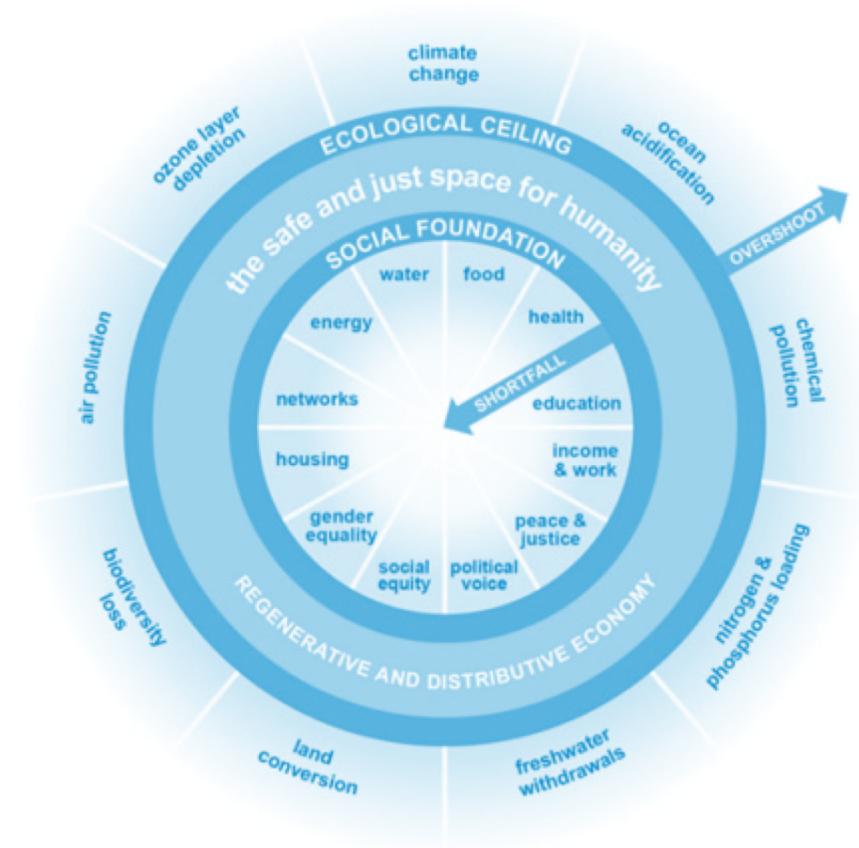
Experience

>25 years

Professionals

~100

Investment policy: Drawing on the planetary boundaries



Fundamental Material Drivers



Fossil fuel use



Water use



Land use



Chemicals and waste management



Social capital management

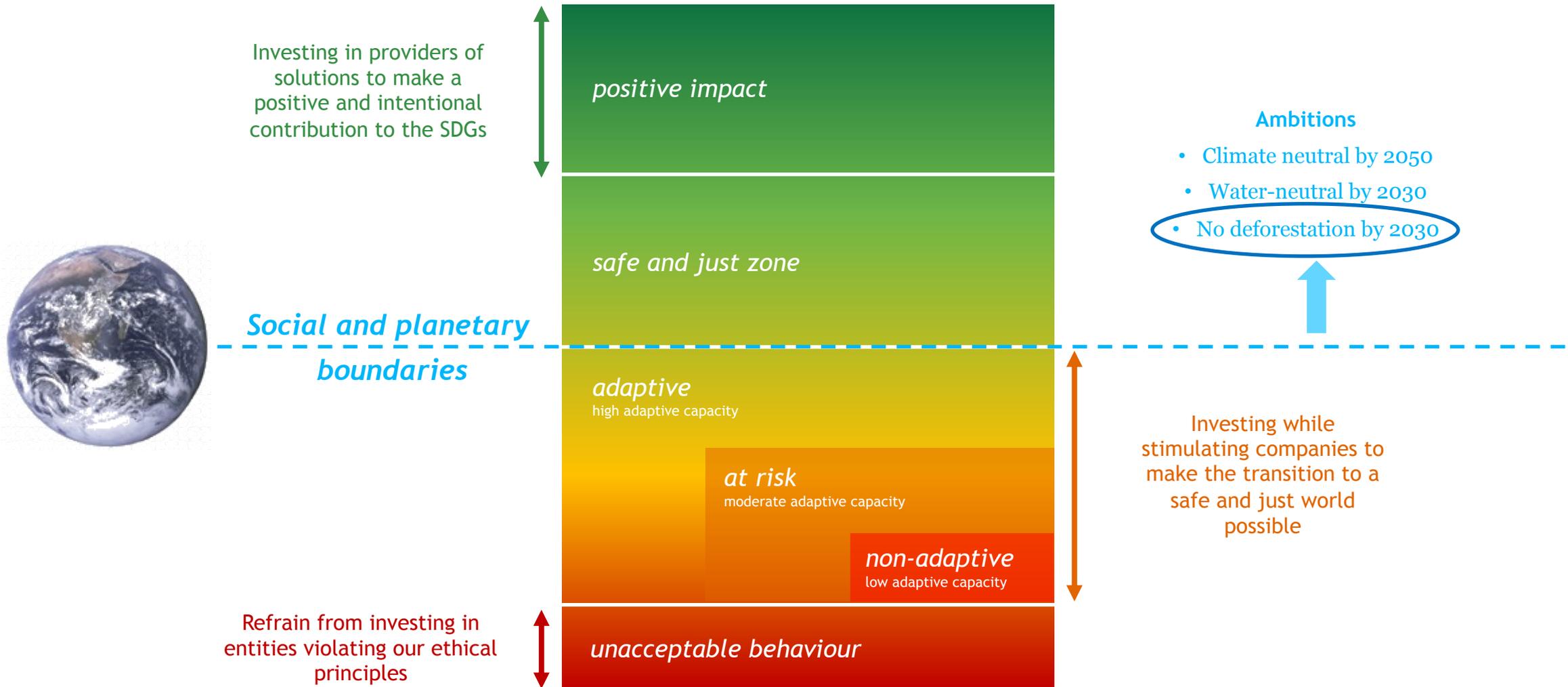


Human capital management



Organizational behavior & integrity

Ambition: making the transition to a safe and just world a reality



Our goals: Land Use - No deforestation by 2030

15 LIFE ON LAND



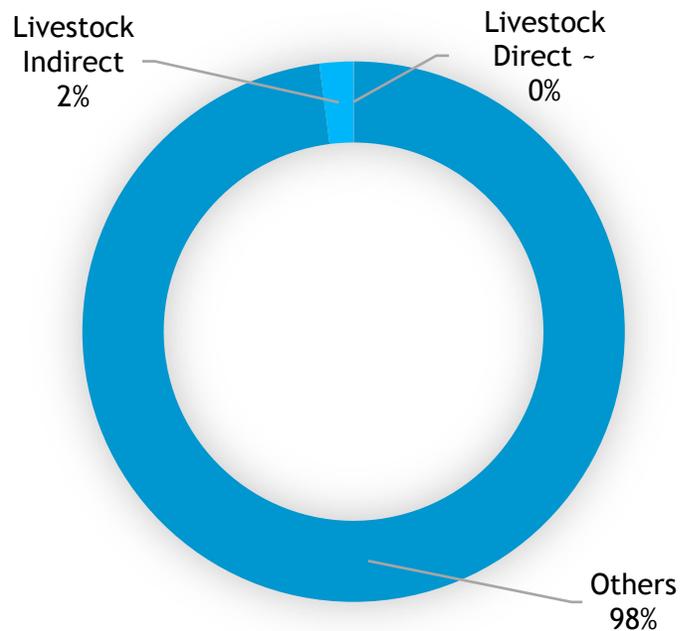
- Only a change in the way land-based goods and services are produced can guarantee the future availability and quality of biodiversity and land assets
- There are substantial risks to entities: It is expected that companies that do not go along with this transition eventually will lag behind
- ACTIAM translates the planetary boundaries of land use and biodiversity into parameters for its investees. Partnerships and innovative tools are essential to further develop our grasp on ground-level impact, measure impact and achieve our targets

No deforestation by 2030
No net biodiversity loss by 2030



Livestock: identifying risks and measuring impact

Exposure across AuM



Measure risk & opportunities

	Exposure	Management
Biodiversity & land use 	<ul style="list-style-type: none"> • Dependence on the products with high impacts • Operations in areas of high biodiversity sensitivity 	<ul style="list-style-type: none"> • Policies & Commitments • Implementation structures • Certification • Disclosure
Raw material sourcing 	<ul style="list-style-type: none"> • Dependence on raw material (e.g. beef, dairy, leather) • Purchase volume from high biodiversity areas 	<ul style="list-style-type: none"> • Traceability level • Supplier programmes & engagement • Transparency & disclosure

Based on e.g. MSCI, CDP, SCRIPT, Forest 500, Trase, a.o.

Livestock: Implications

ACTIAM Sustainability Framework		Instruments
<i>positive impact</i>		Inclusion + uptick in ESG score
<i>safe and just zone</i>		
	<i>transition zone</i>	Inclusion + proactive engagement
	<i>at risk</i>	Downgrading / engagements
	High adaptive capacity moderate adaptive capacity non-adaptive low adaptive capacity	Official exclusion
<i>unacceptable behaviour</i>		

* On portfolio level

High risk among investees in the upstream supply chain, under ACTIAM Framework - pressing issues in land and water

Low average ESG Score among upstream companies = limited investment possibility + engagements

Slightly better performance among companies in the downstream supply chain - several proactive engagements

Traceability and transparency among the biggest shortcomings in both downstream and upstream activities

Challenges: Disclosure-related needs

Challenges

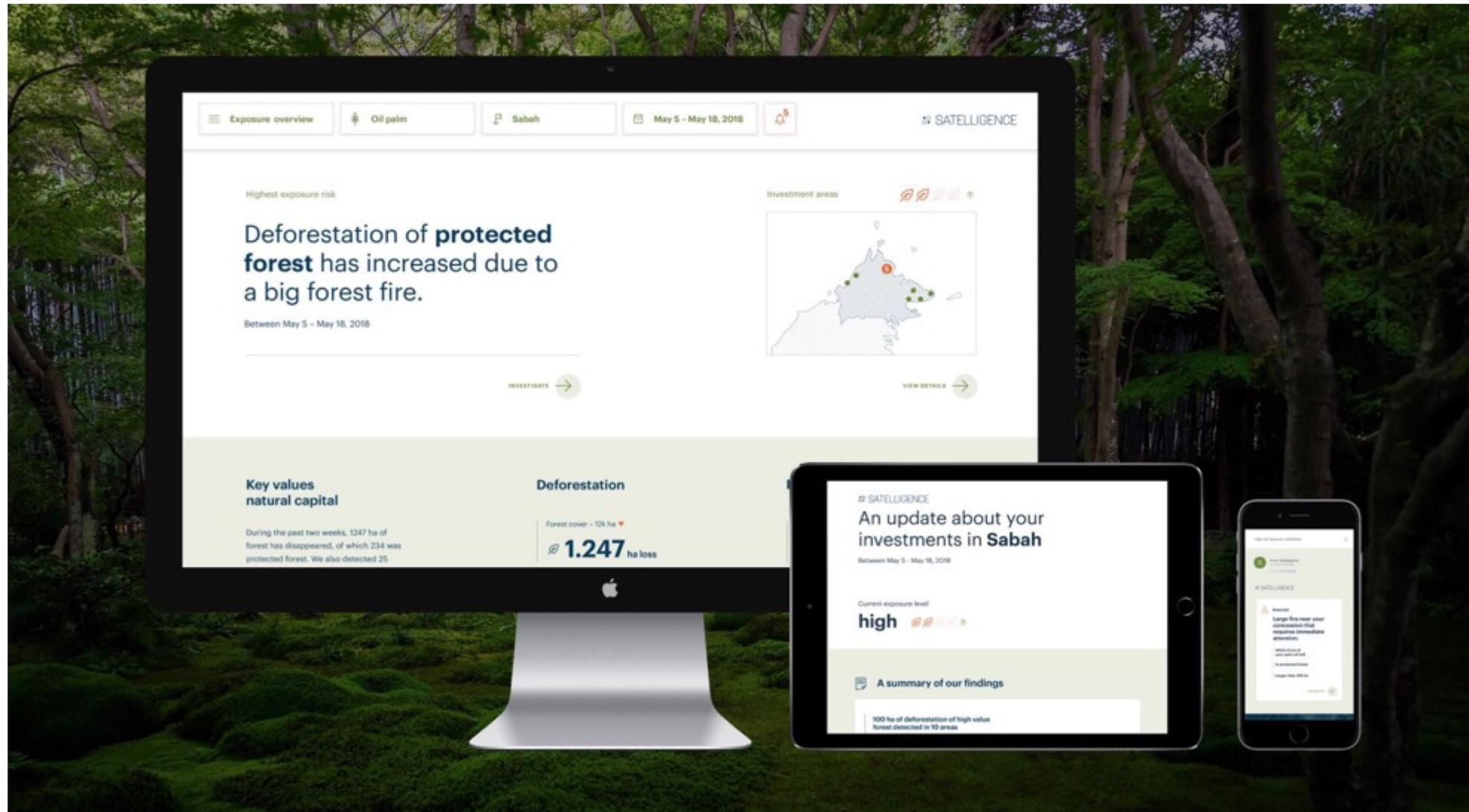
Supply chain complexity: who purchases from which producers?

Non-availability of broad/systematic data in screening phase; Limited metrics available

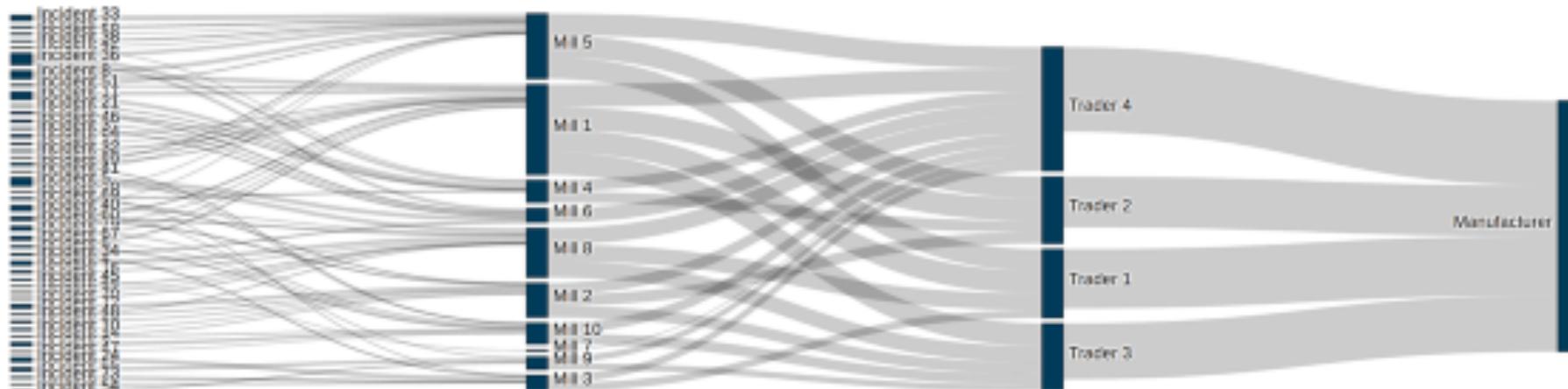
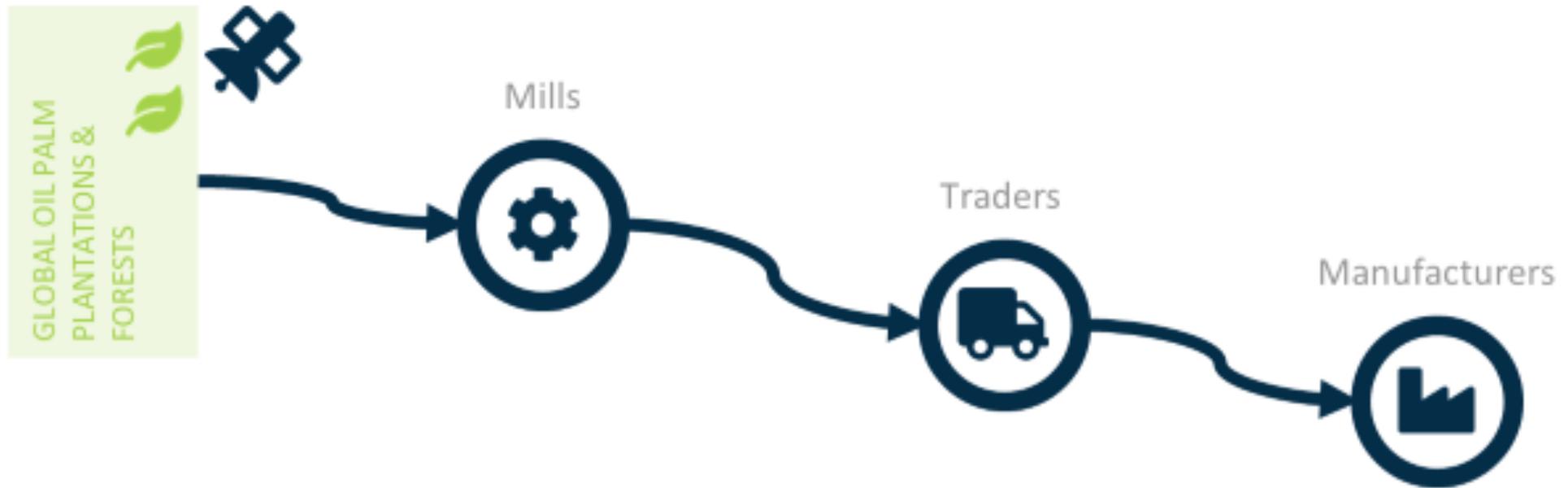
Depth of data: from policy level information to evidence 'on-the-ground'



Addressing the data challenge: Satelligence



Addressing the data challenge: Satelligence



Solution paths: Addressing the challenges found

Challenges

Supply chain complexity: who purchases from which producers?

Non-availability of broad/systematic data in screening phase; Limited metrics available

Depth of data: from policy level information to evidence 'on-the-ground'



Solution paths

Engaging towards transparency and traceability efforts; importance of data sources, e.g. Trase.finance

Partnerships towards metrics development, e.g. PBAF; encouraging further availability of data by providers and companies

Tapping into innovative tools: gathering data through Satelligence and engaging investees based on this data



ACTIAM - Investing in the beef supply chain

VBDO Webinar series

24 June 2020

Questions for Karina?

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PRI Sustainable Land Use – VBDO Online Training Series

Tom Barron, Manager, Stewardship

June 24th 2020



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PRI and Ceres Investor Initiative for Sustainable Forests (IISF)

2017

- IISF Advisory Committee formed.
- Launch of the collaborative engagement with companies exposed to cattle
- Initial benchmarking on over 90 companies with cattle and soy supply chain exposure

2018

- Launch of collaborative engagement with companies exposed to soy
- Investor expectation statement on sustainable cattle publicly launched. Signed by 45 investors representing \$6.8 trillion of AUM
- Members of the IISF Investor Working Group publicly support the Cerrado Manifesto (SoS)
- PRI joined the SoS Steering Committee

2019

- Sustainable Soy Investor Expectation Statement launched with the support of 57 investors representing \$6.3 trillion AUM.
- PRI become a member of the CCM Delivery Team
- Amazon fires statement - informal dialogue with the Brazilian Government
- Nov 2019: Threat to the Amazon Moratorium

Investor Statements

Sept 2018

INVESTOR EXPECTATIONS ON DEFORESTATION IN CATTLE SUPPLY CHAINS

This statement is endorsed by 45 investors representing approximately US \$6.8 trillion in assets.

March 2019

Investor expectations on deforestation in soybean supply chains

This statement is endorsed by 57 investors representing approximately US \$6.3 trillion in assets.

Sept 2019

Investor statement on deforestation and forest fires in the Amazon

This statement is endorsed by 254 investors representing approximately US \$17.7 trillion in assets.

Key investor asks of companies

- **Breadth of Policy** - To have a publicly disclosed, commodity-specific no deforestation policy with quantifiable, time-bound commitments covering the entire supply chain and sourcing geographies
- **Traceability** – To have a publicly disclosed, time-bound traceability commitment to trace direct and indirect suppliers to farm of origin.
- **Supplier Assurance** - To have a publicly disclosed monitoring and verification process in place to ensure supplier compliance with no deforestation policy, and a transparent supplier non-compliance procedure in place.
- **Disclosure of progress** - Public disclosure of the percentage of its suppliers and commodity sourced that are in compliance with the company's no deforestation policy. To report on progress against traceability commitment.

Key findings from engagement with the cattle value chain

- Lack of disclosure
- Increasing use of tools to monitor deforestation and suppliers
- Brazilian cattle industry dynamics
- Illegal vs. legal deforestation
- Reliance on government

Thank you!

Questions for Tom?

- use the “raise hand function” or
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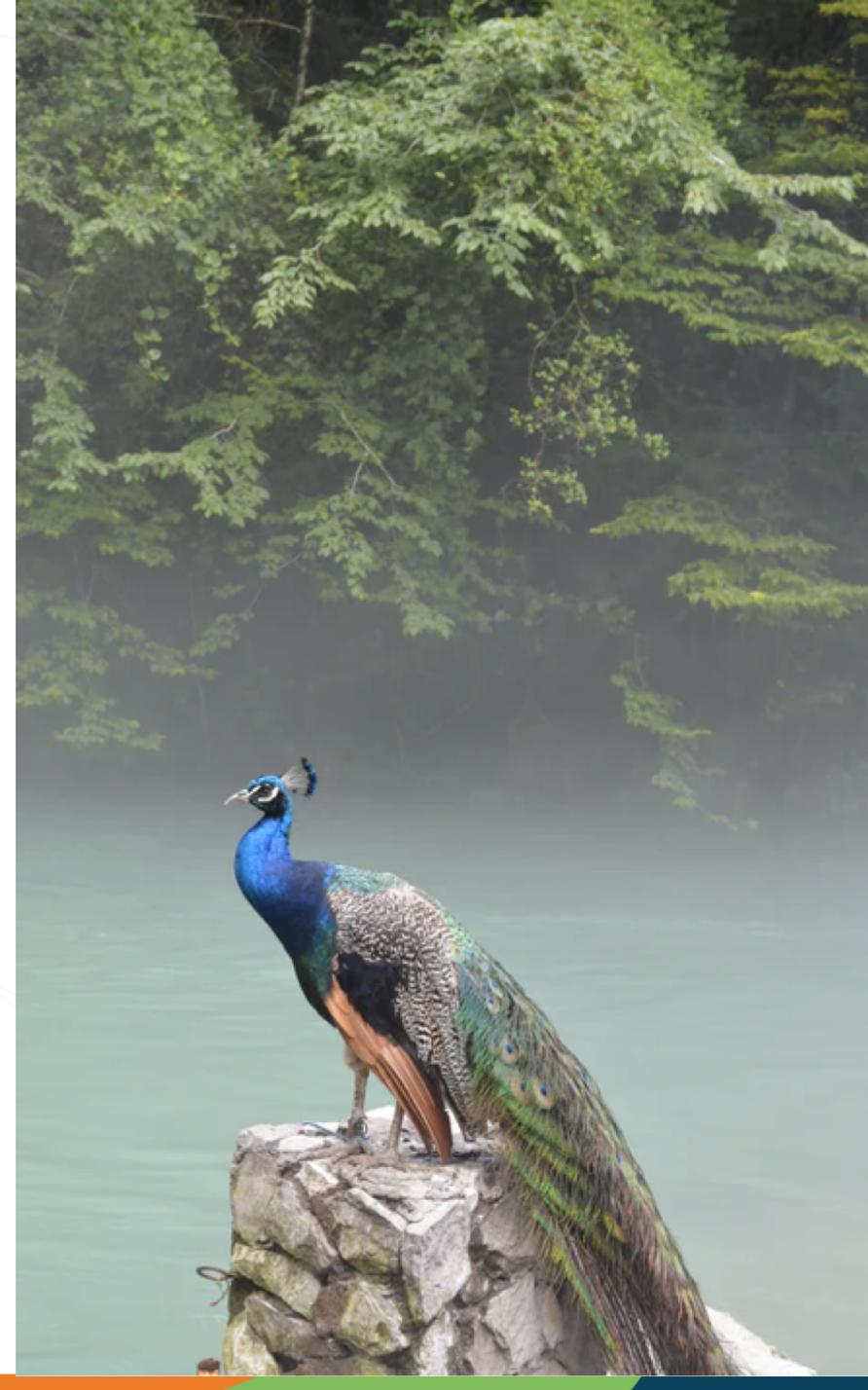


Discussion

- use the “raise hand function” or
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- use your voice



Special thanks to our speakers





Thanks for being
part of this online
training

We have enjoyed
your active
presence!

