



Ministry of Foreign Affairs



ONLINE TRAINING SERIES BEEF PRODUCTION & SUPPLY CHAINS

**Part 2 – Actions in the supply
chain towards deforestation
and conversion-free portfolios**

A just world that values and conserves nature.

Welcome on behalf of the hosts



Mart van Kuijk
VBDO



Marianne Hilders
IUCN NL



Sandra Mulder
WWF-NL

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



Speakers part 1 (27 May)



Fabiana Arévalos & Araceli Duré
Guyra Paraguay



Simon Hall
**National Wildlife
Federation / GRSB**



Maria Lettini
FAIRR

SPEAKERS OF TODAY



Bianca Nakamoto
Conservation Analyst,
WWF Brazil, São Paulo, BR



Rachael Sherman
Director Global Sustainability,
McDonald's Corporation, New York, USA

Each: 15 minutes presentation, 5 minutes Q&A
Afterwards: 30 minutes discussion



Some basic rules:

- 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

Raise hand function



Who is participating?

Please write in the chat function:

1. Your name and organization
2. One new thing you did or learned during the lock down? (e.g. being a teacher for your kids?)





WEBINAR - PART 2

Implementing commitments to conversion free beef and soy supply chains

June 2020





WWF-Brazil is a non-profit, non-governmental Brazilian organization working to change the current path of environmental degradation and promote a future where society and nature live in harmony.

Created in 1996, WWF-Brazil is part of the WWF Network, present in more than 100 countries.



Partnerships with civil society, private sector and government



22 years, 130 employees and +70 ongoing projects

REGIONAL OFFICES





DEFORESTATION

BIODIVERSITY
LOSS

WATER SCARCITY

CLIMATE CHANGE

PRODUCTIVITY
LOSS

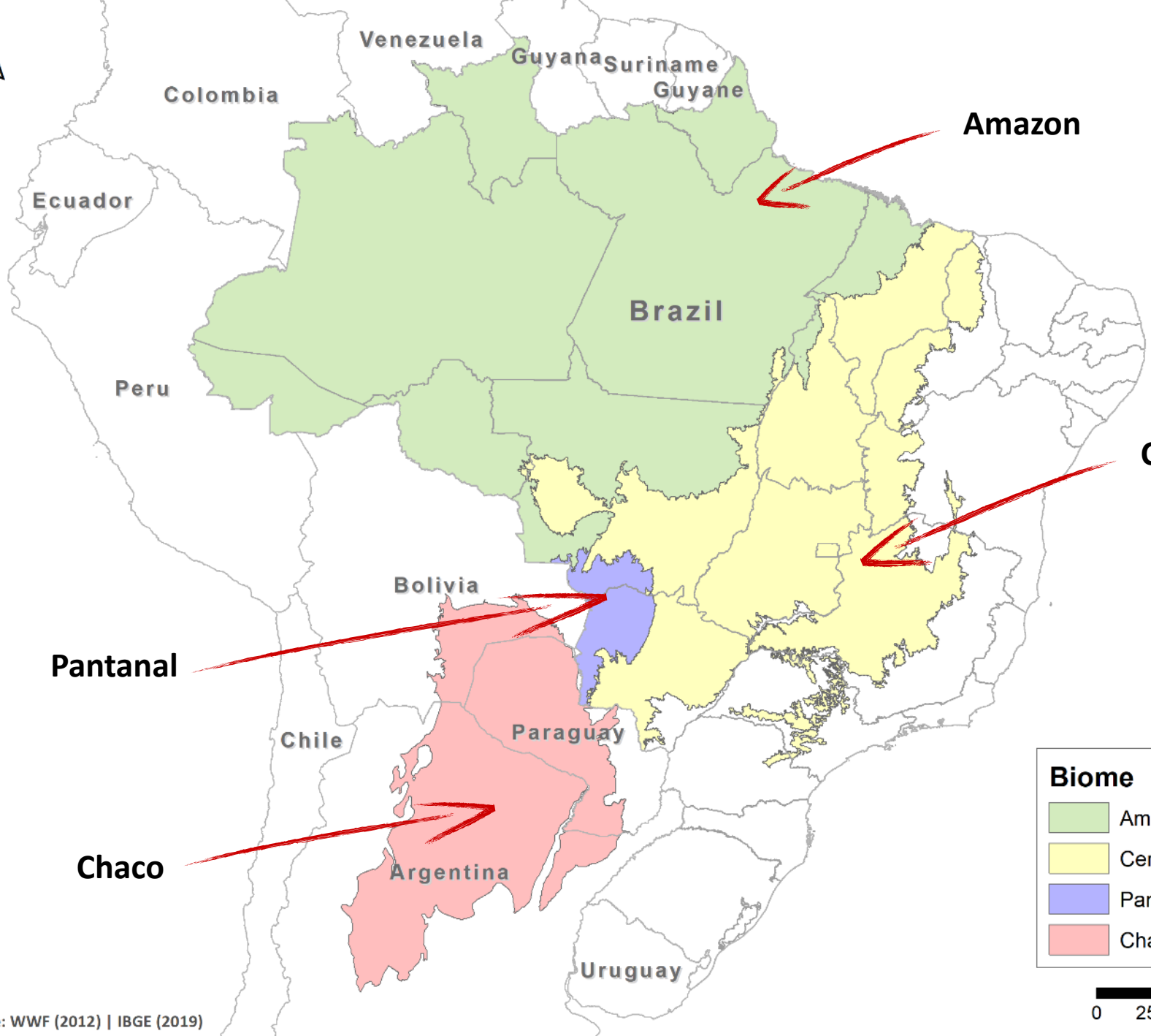
SOCIAL

CONFLICTS





© WWF - Brazil



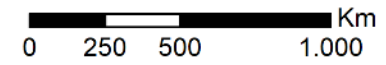
Amazon

Cerrado

Pantanal

Chaco

Biome	Area (km ²)
Amazon	4.215.410
Cerrado	1.984.545
Pantanal	150.960
Chaco	1.078.384



Deforestation and Conversion of Brazilian Biomes

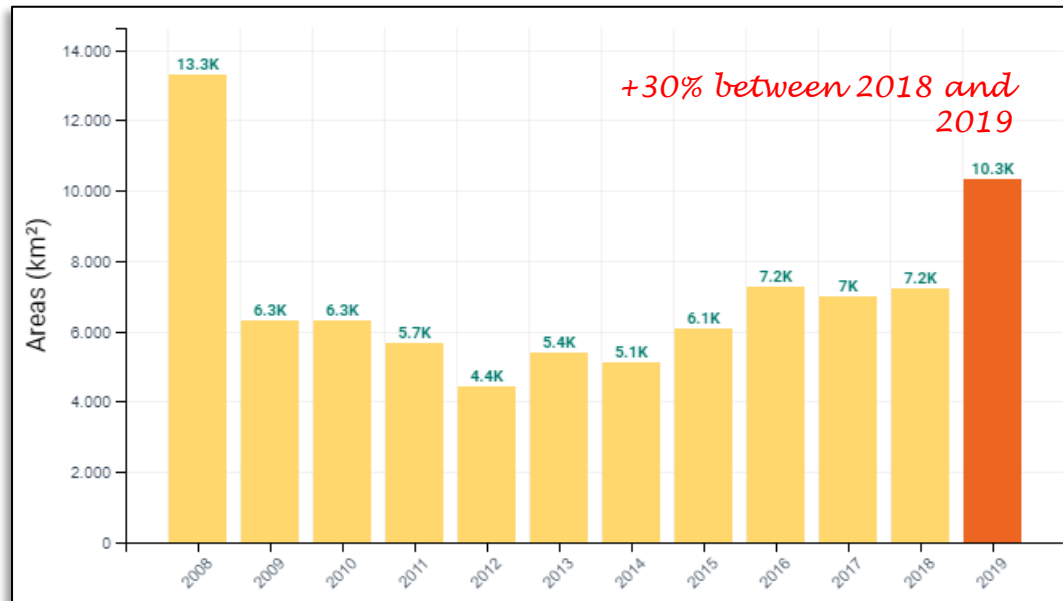


Amazon Biome has already lost 20% of its original vegetation and deforestation is back on rise

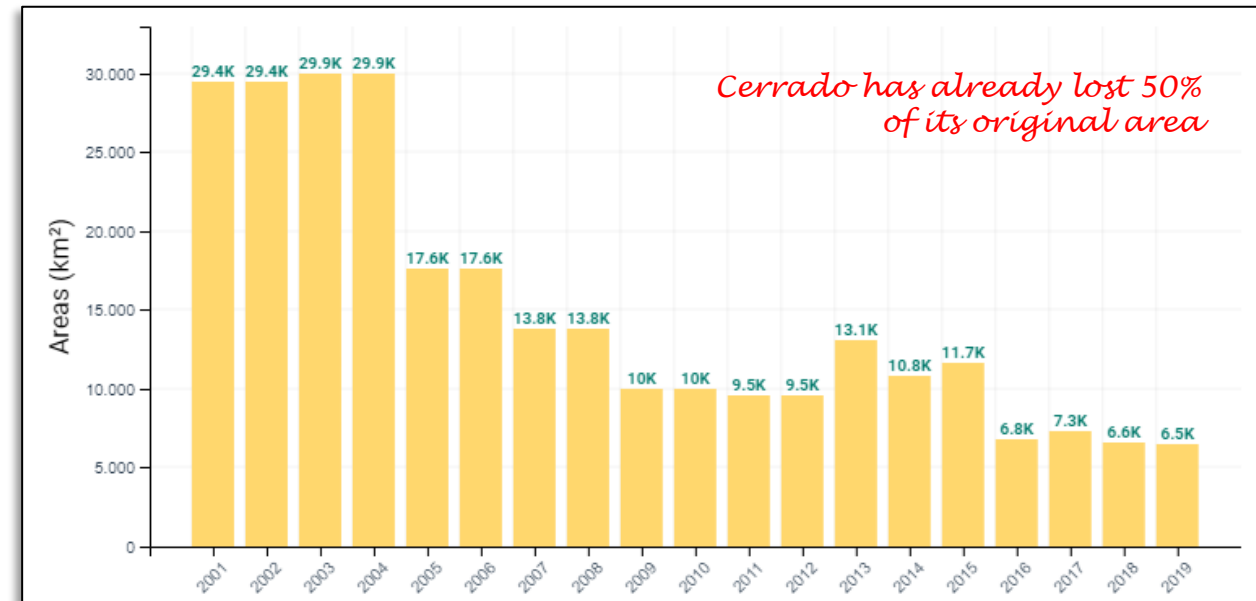
Without receiving so much attention, **Cerrado** has already lost over 50% of its natural vegetation

Deforestation increment on Legal Amazon

Conversion increment on Cerrado

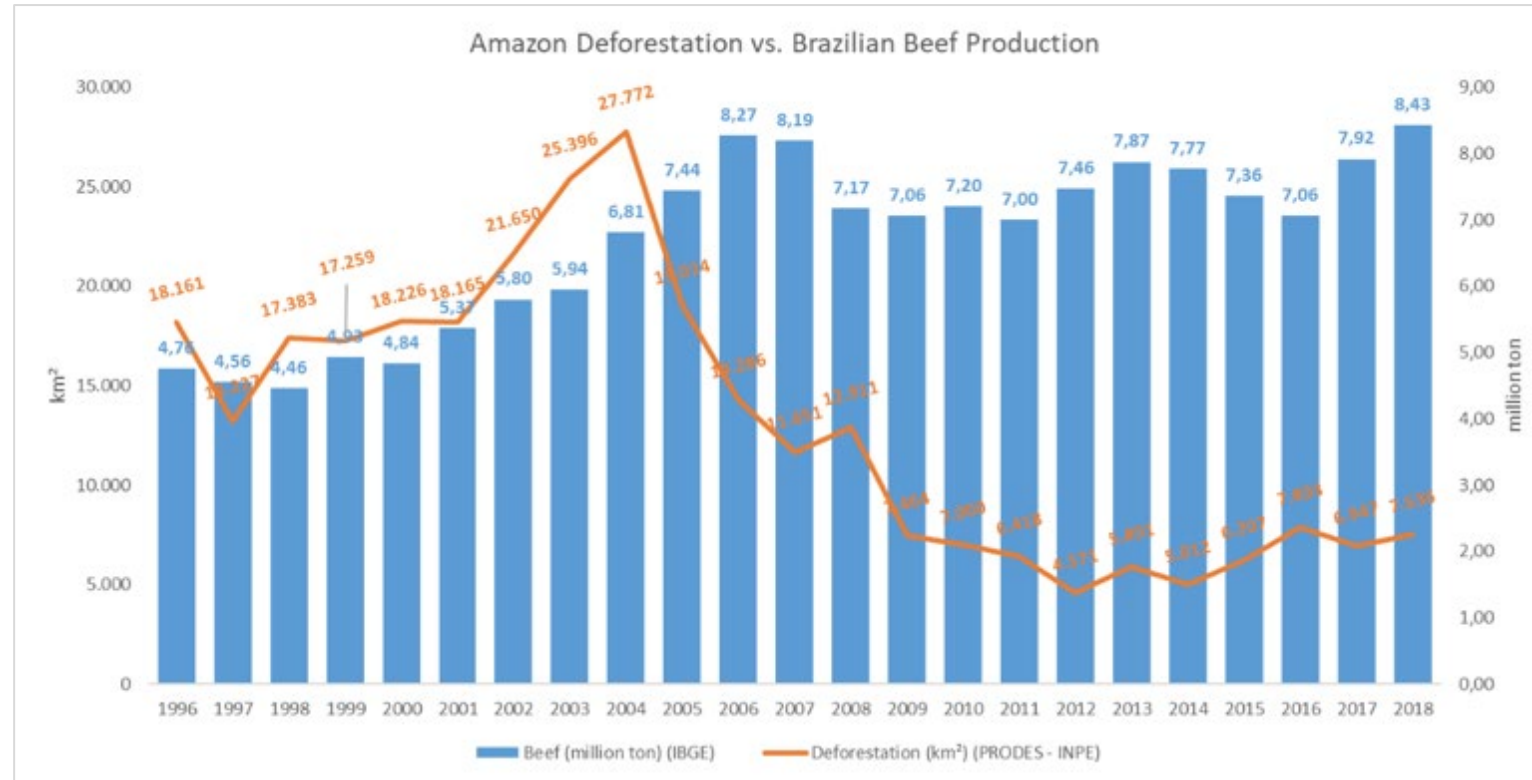


source: TerraBrasilis-INPE



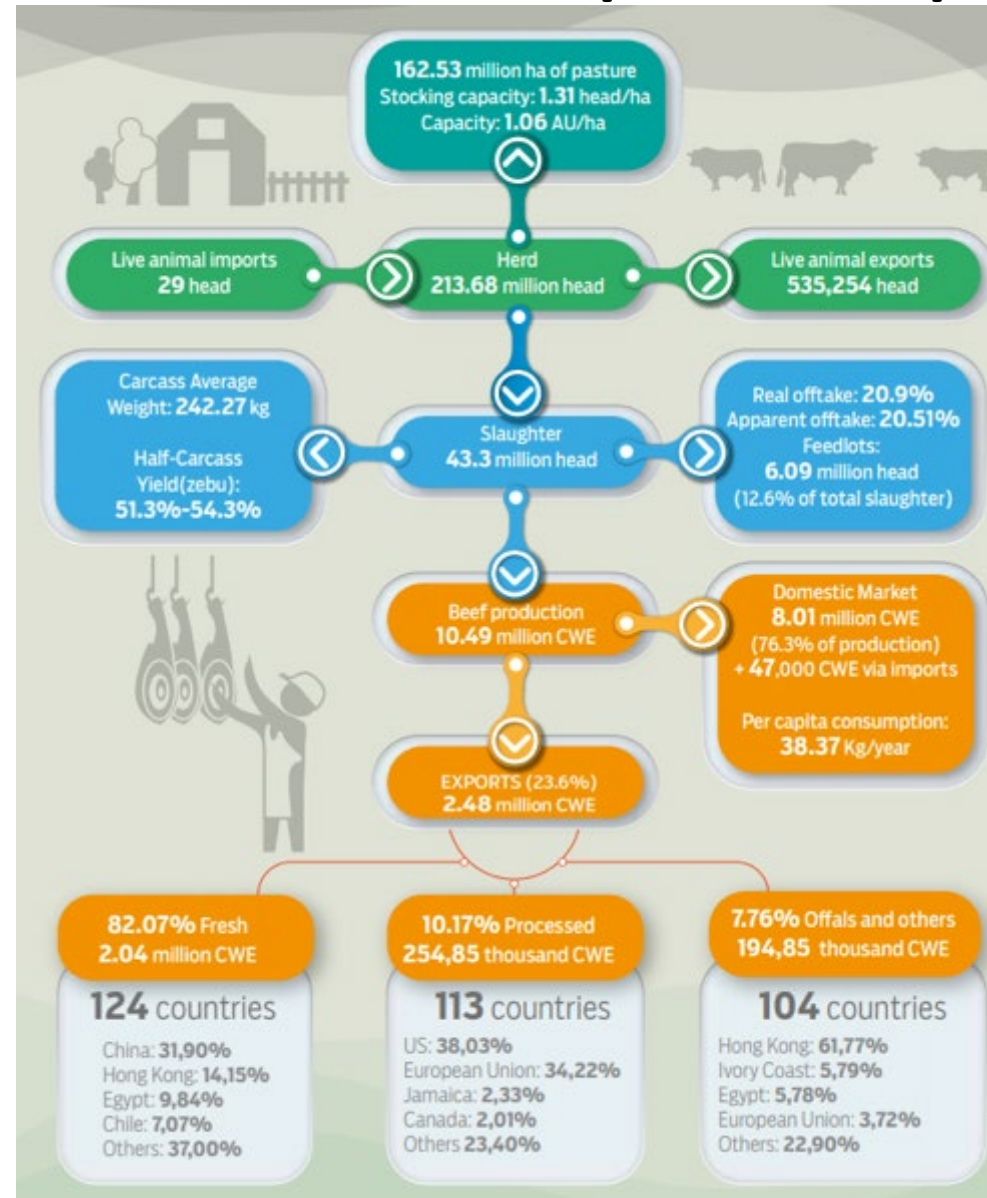
Fonte: TerraBrasilis-INPE

Development does NOT require deforestation



- Deforestation decreased 80% since 2004
- During the same period Beef and Soy production increased
- Deforestation back on the rise for 2015 (24%), 2016 (29%) and, 2018 (30%)
- Deforestation occurred until May 13th of 2020 was 50% higher than deforestation in the same period of 2019. Considering the accumulated up to May 13th, deforestation in 2020 was 114% higher than the average of the last 10 years and 70% higher than the average of the last 3 years.

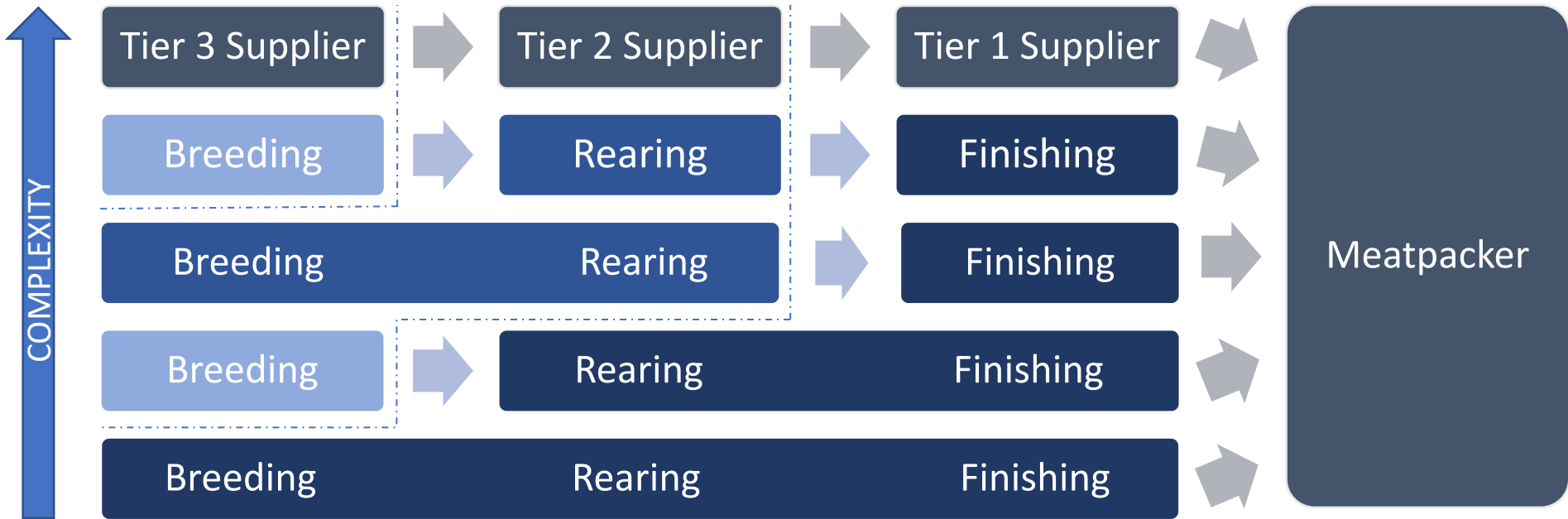
Beef in Brazil: a complex supply chain



Source: Brazilian Beef Exporters Association



Beef in Brazil: a complex supply chain



In Brazil, There's no visibility, monitoring or transparency of beef value chain indirect suppliers (tier 2 or tier 3), which aggravates deforestation and conversion of Biomes



Beef in Brazil: a complex supply chain

Lack of:

- **Transparency** – information regarding the indirect supplier is not publicly available
- **Market Demand** – there's no effective pressure/sanctions from the market
- **Interest** - companies understand monitoring indirect suppliers as an additional cost considering they've already internalized the direct supplier monitoring systems

Enable:

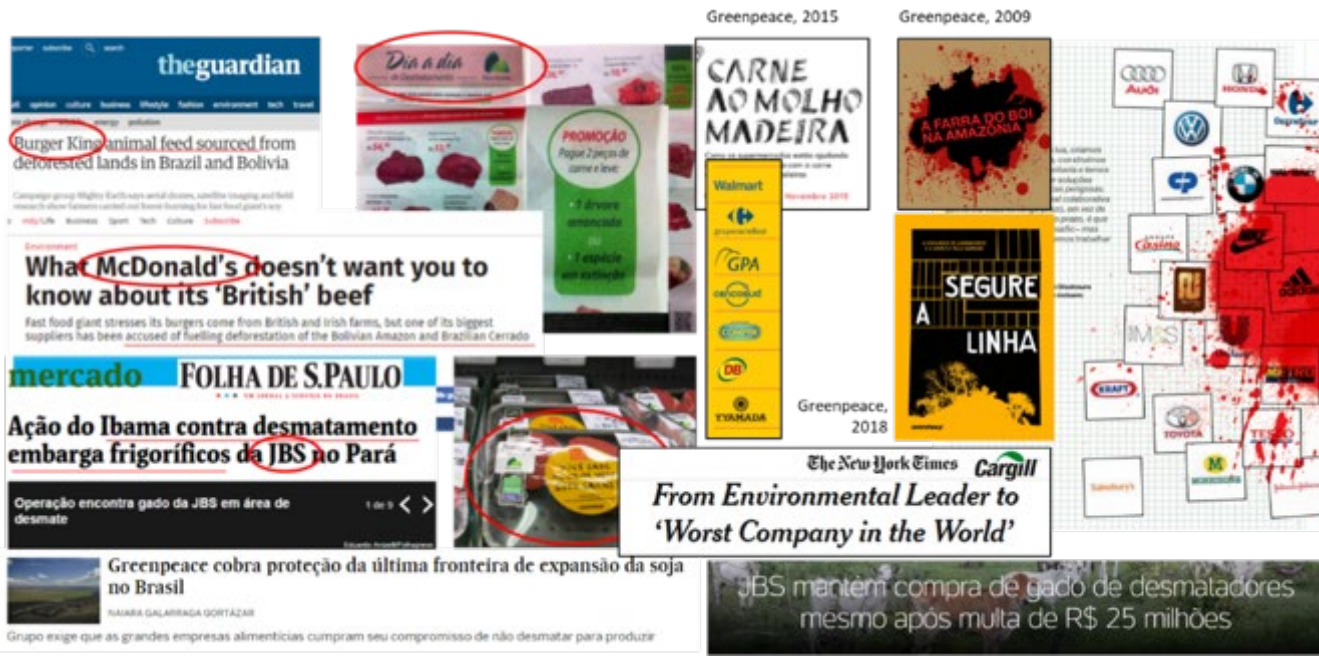
- Deforestation and conversion from indirect suppliers to remain undetected
- **“Cattle laundering”**, leakage and triangulation – farm with deforestation and conversion transfers cattle to a “clean” (deforestation free) farm, so the meatpackers don't detect non-compliant farms

Why should companies worry about deforestation and conversion?



...to minimize reputational risks

...access to credit and financing



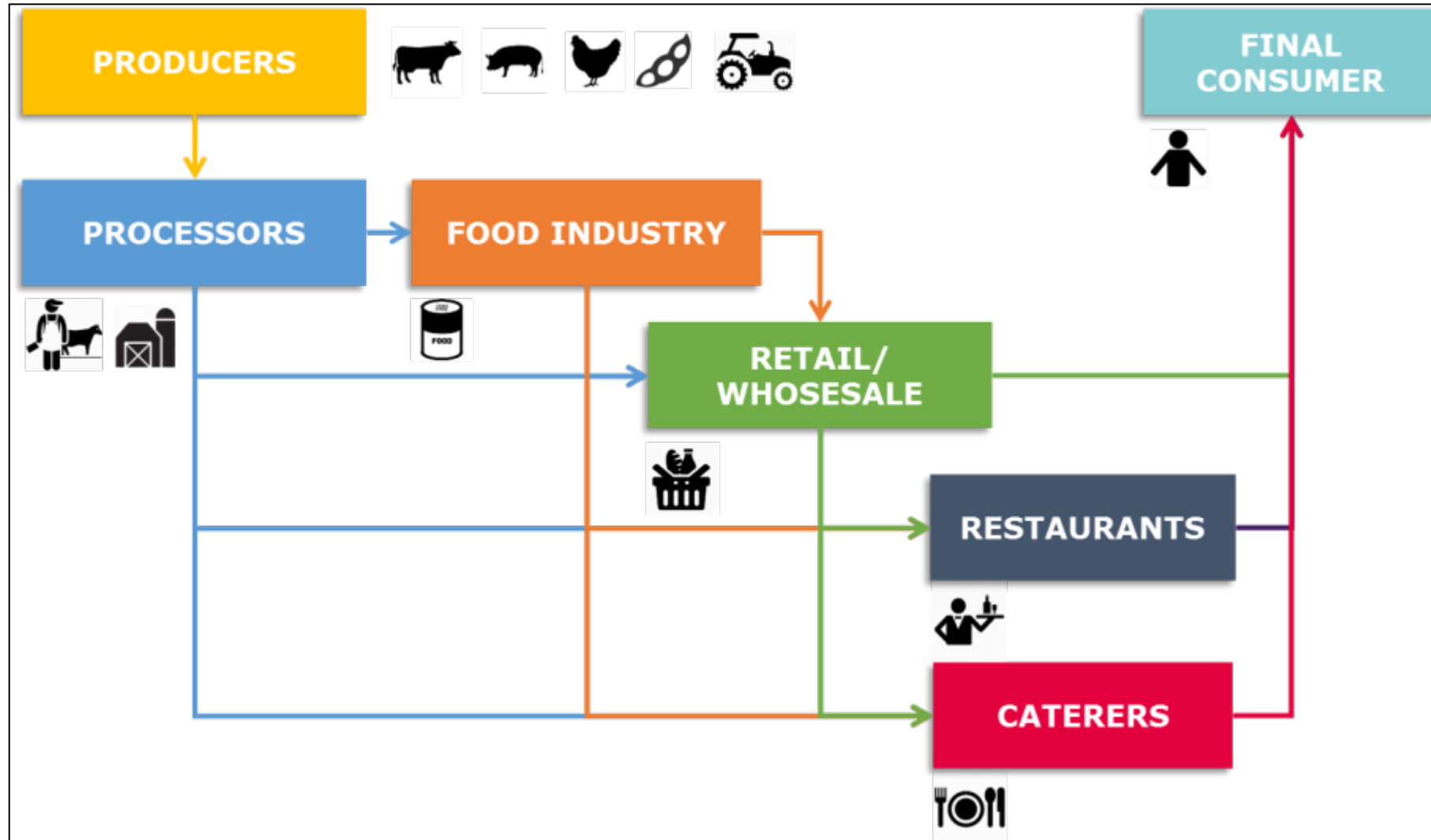
Sem dinheiro para devastadores

Rodrigo Caetano
24.02.17 - 15h00

O banco HSBC comunicou que não mais se relacionará com empresas que causam desflorestamento para produzir óleo de palma. Trata-se de uma atualização das políticas do banco, que já adotava a postura de não emprestar para empresas que realizam queimadas e exploram trabalho análogo à escravidão ou infantil.



OUR proposal is to stimulate a value chain approach to promote Deforestation / Conversion Free into the entire supply chain





CFA - Collaboration for Forests and Agriculture

Supports companies to align, develop, and implement deforestation-free commitments by improving decision-support tools, enhancing information transparency and unlocking financial incentives.



The Accountability Framework ethical supply chain journey



01 Set Commitments

Develop new commitments or refresh current commitments



02 Take Action

Implement policies and practices to fulfill commitments



03 Demonstrate Progress

Monitor, document, and report on progress in a credible way

Core Principles

- 1- Protect forests & ecosystems
- 2 - Respect human rights
- 3 - Specification of commitments

- 4 - Company systems
- 5 - Traceability
- 6 - Supply chain management

- 7 - Land use planning
- 8 - Land management

- 11 - Monitoring & verification
- 12 - Reporting & disclosure

Guidance

- Cutoff dates
- Free, prior, & informed consent
- Rights of indigenous peoples

- 10 - Cutoff dates to achieve commitments
- Local communities
- Smallholders
- Supply Chain Management

- Monitoring & Verification
- Reporting & Disclosure

DCF
Operational
Guidance



Terms and Definitions



Click here for AFi website!

Structure follows 5 Key Elements of Supply Chain Management





Operational Guidance Proposal: three work stages - from assessment to execution of an implementation plan.



**CFA OPERATIONAL
GUIDANCE THREE
STAGES**



1 – Assess



2 - Plan



3 - Execute



**THREE
MATERIALS**

**Assessment/Summary
of Results**



Implementation Plan



Technical References

These materials will allow responding to the demands of various stakeholders.



DCF COMMITMENT

2020	2021	2023	2025
<ul style="list-style-type: none"> Estudo de caso com referências científicas (conexão entre desmatamento e impactos) Tradução das políticas de desmatamento para o português e publicação no website Definição dos KPIs anuais para o ano desmatamento a serem incluídos na política Criação do frame de evolução como base para as divulgações (Nature Dashboard) 	<ul style="list-style-type: none"> Atualizar Nature dashboard para informar evolução de KPIs Incluir estudo de caso e relatório de progresso Nature divulgado internamente 	<ul style="list-style-type: none"> Desenvolvimento do relacionamento com mídia e stakeholders externo 	<ul style="list-style-type: none"> Revisões das políticas frente ao novo cenário 2025-2030

RISK PROFILE

2020	2021	2023	2025
<ul style="list-style-type: none"> Finalização e aprovação do plano de implementação, comunicação pública do plano. Estabelecer processo necessário para mapear a soja da Central e de produtores que não compram via Central Criação de matriz de análise de risco (info compartilhadas + localização) Mapear outros fornecedores para a Central 100% dos fornecedores de soja da Central com insumo rastreável até a esmagadora. 	<ul style="list-style-type: none"> 50% dos produtores que não compram via Central com soja rastreável até esmagadoras 50% dos fornecedores de soja da Central com insumo rastreável até a fazenda. 	<ul style="list-style-type: none"> 100% dos fornecedores de soja da Central com insumo rastreável até a fazenda. 100% dos produtores que não compram via Central com soja rastreável até esmagadoras 50% dos produtores que não compram via Central com soja rastreável até a fazenda 	<ul style="list-style-type: none"> 100% dos produtores que não compram via Central com soja rastreável até a fazenda

INTERNAL OPERATIONS

2020	2021	2023	2025
<ul style="list-style-type: none"> Contratos e políticas atualizados com os requerimentos mínimos para fornecedores da Central Estruturação de agenda de engajamento de times internos Estabelecimento de estrutura organizacional entre áreas para evitar conflitos de interesse Treinamento do time da Central sobre novos requerimentos 	<ul style="list-style-type: none"> Contratos e políticas atualizados com os requerimentos mínimos para produtores de leite que não compram via Central Capacitação da área de marketing e comunicação externa Fornecedores de soja em não-conformidade são bloqueados pelo sistema. Criação de lista de fornecedores de soja homologados para produtores que não compram pela Central 		

SUPPLIERS ENGAGEMENT

2020	2021	2023	2025
<ul style="list-style-type: none"> Plano de engajamento estruturado (comunicação geral, novas expectativas e requerimentos, comunicação direcionada a casos críticos, etc) Tema de desmatamento no + Sólidos 2019 	<ul style="list-style-type: none"> 50% de todos os fornecedores críticos de soja são engajados e cobrados nas expectativas de combate ao desmatamento e à conversão. 100% dos fornecedores críticos de soja da Central de Compras tem um Plano de implementação de combate ao desmatamento e à conversão definido (áreas de produção sem desmatamento) 	<ul style="list-style-type: none"> 100% de todos os fornecedores críticos são engajados e cobrados nas expectativas de combate ao desmatamento e à conversão. 	

MONITORING, VERIFY & REPORT

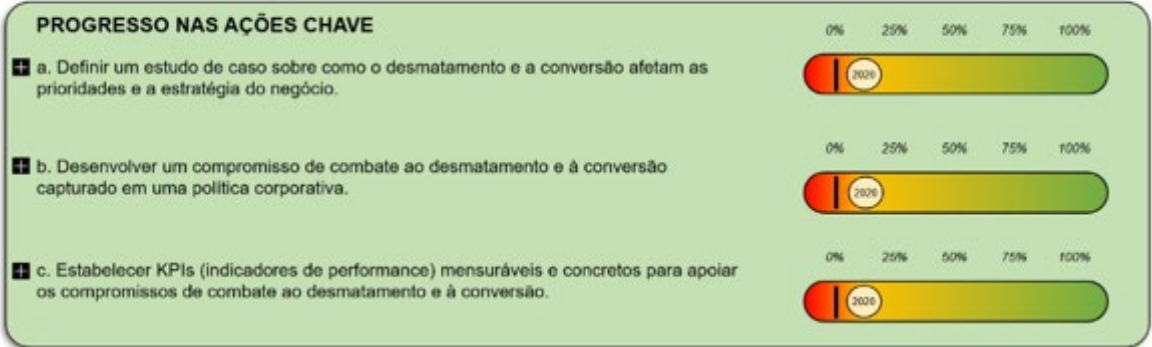
2020	2021	2023	2025
<ul style="list-style-type: none"> Comunicações Institucionais Internas adaptadas com marcos do Plano de implementação. Monitoramento das informações fornecidas por 100% dos fornecedores de soja da Central de Compras, junto com matriz de risco Participação em iniciativas colaborativas voltadas ao tema. 	<ul style="list-style-type: none"> Monitoramento das informações fornecidas por 30% dos produtores de leite que não compram soja pela Central de Compras Verificação de primeira parte Comunicações Institucionais externas adaptadas com marcos do Plano de implementação 	<ul style="list-style-type: none"> Monitoramento das informações fornecidas por 80% dos produtores de leite que não compram soja pela Central de Compras. Comunicação dos marcos e progresso de KPIs para 100% dos fornecedores. Engajamento de fornecedores de soja críticos da Central de Compras em iniciativas colaborativas. 	<ul style="list-style-type: none"> Verificação de terceira parte dos processos e das informações recebidas dos fornecedores.

RESULT
DCF
Implementation
Plan



How can Companies Report their Progress Towards DC

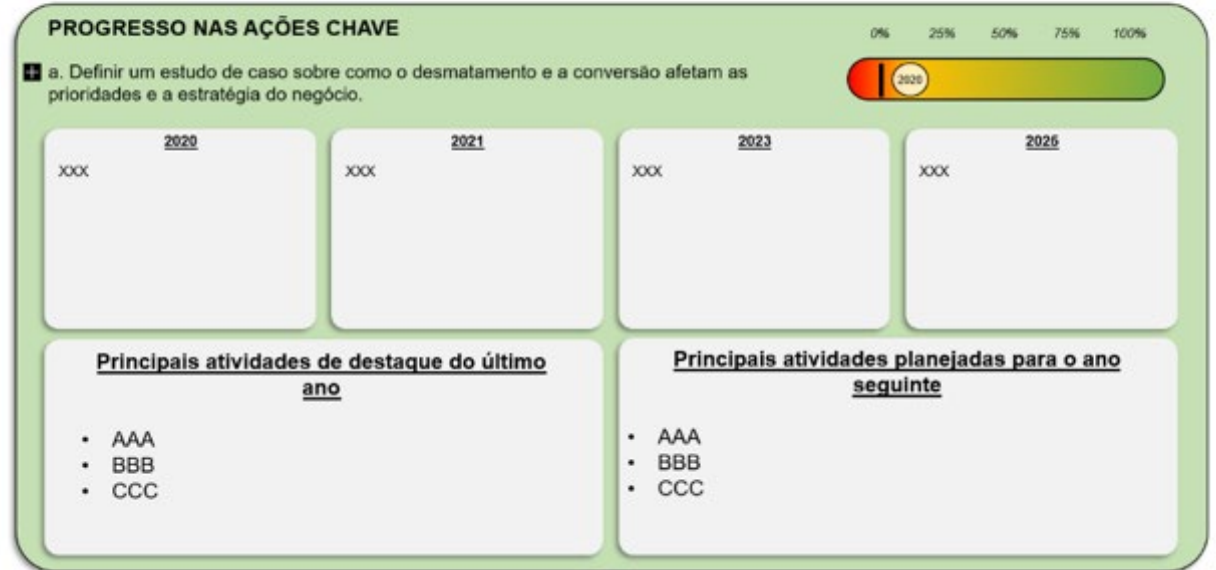
ALINHAMENTO DCF



% dos animais adquiridos contemplada pelo compromisso de combate ao desmatamento e à conversão: **XX%**

We are building a platform!

ALINHAMENTO DCF

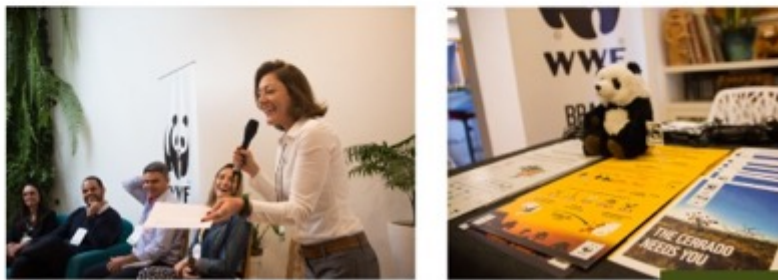


Sharing the Journey

May 28th, 2019 - 360° Supplier Management: how to be more efficient and sustainable

NOTE

Last Tuesday (May 28th), WWF-Brazil, with support of its strategic partners and Gordon and Betty Moore Foundation, held the event "360° Supplier Management: how to be more efficient and sustainable". 60 people were present, including 42 representatives of companies from the entire Brazilian food chain, totaling 25 different organizations. The objective of the event was to share outcomes achieved by the Collaboration for Forest and Agriculture (CFA), in the implementation of zero conversion commitments in the companies' supply chain.



https://www.youtube.com/watch?v=Jb7l-2f_lz8&t=134s

Nov 21st, 2019 – Deforestation Free: how to tell our advances to investors and clients

WE ARE SHAPING IT UP

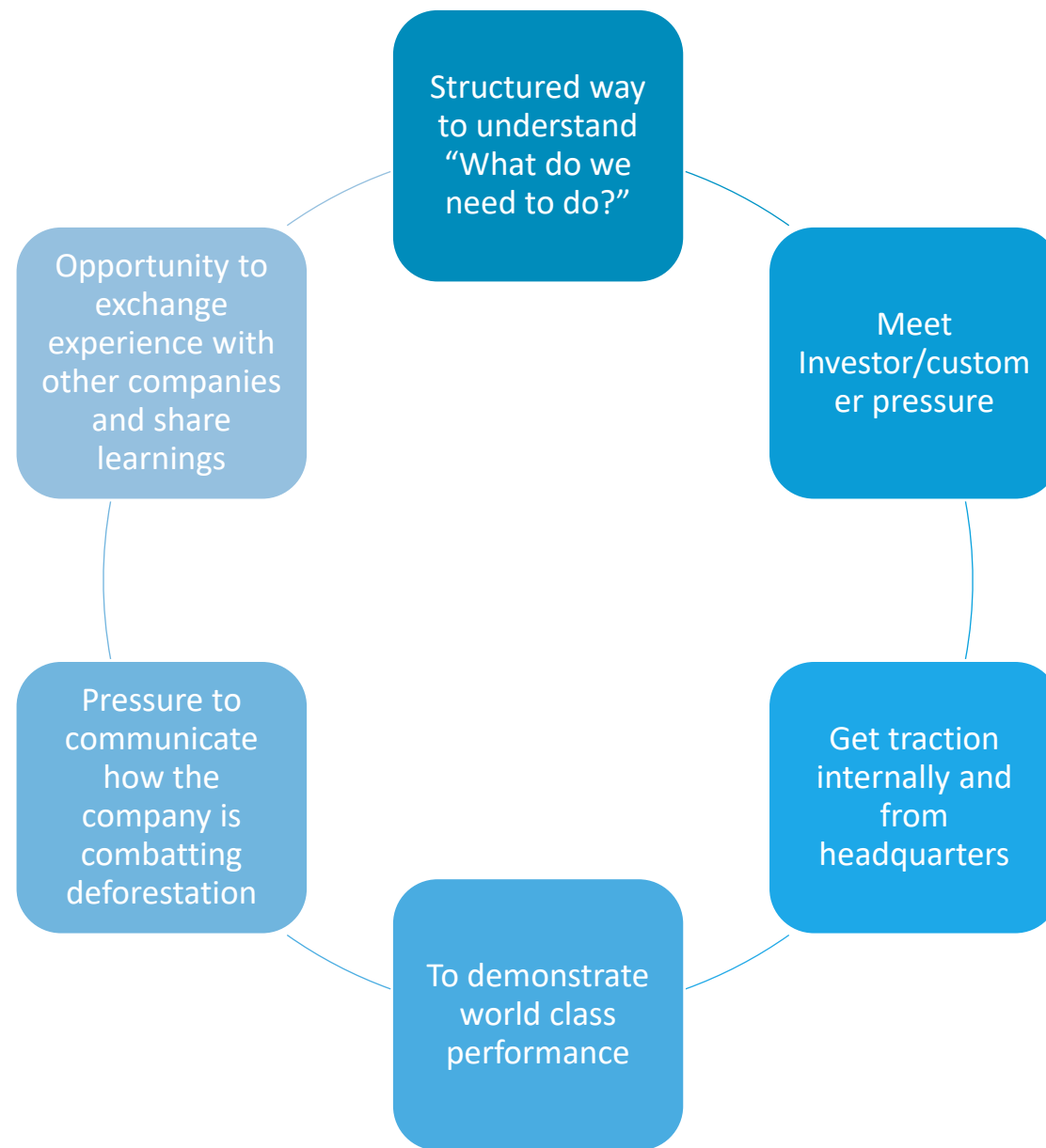
The workshop "Deforestation Free - how to tell our advances to investors and clients" that happened on November, 21st, gathered 14 different companies engaged by WWF and its strategic partners. As an outcome, the attendees have recognized the importance of: reporting their progress towards a DCF supply chain, evaluated by a reputable organization; giving transparency to information and data, in different levels, for investors as well as the general public; exchanging information, experience and know-how between CFA Champion companies and consolidation the big numbers of the sectoral work and progress made. For 2020, CFA's next steps are addressing actively those important issues identified by our Champion companies, expanding the role of Platforms such as Instituto Food Service (IFB) and extending Carrefour and Grupo BIG action as a CFA Hub, aiming also engage their suppliers in the DCF supply chain for Brazil.



<https://www.youtube.com/watch?v=TYFvuN9hKCo&t=8s>



Why are companies joining?





Takeaways

1. Main bottlenecks for a Brazilian deforestation free beef supply chain:
 1. Traceability
 2. Implementation of commitments} Transparency
2. There's no immediate solution or tool to this complex issue: a journey is needed!
3. Increase demand for full traceability for beef supply chain and transparency to connect consumer and producer in scale
4. Ask the right questions: CFA Operational Guidance for investors
5. Enforce deforestation and conversion-free requirements in financing policies
6. Demand companies to build action plans to meet the conversion-free goal and full disclosure of progress on the implemented actions



Thank you!



#togetherpossible

biancanakamoto@wwf.org.br

Questions to Bianca?





McDonald's Commitment on Forest

Scale for Good: McDonald's Brand Trust Strategy



We're Using Our Scale for Good

37,000 restaurants

100+ countries

69 million people every day

The graphic features a green background with white text and icons. A horizontal orange line is positioned below the statistics. At the bottom, there are three white icons: a leaf, water waves, and a circular arrow. To the right is a stylized illustration of a McDonald's restaurant building with a sign on top.

THREE-LEGGED STOOL

The McDonald's Business Model



franchisees



McDonald's benefits from the entrepreneurial spirit of local business owners as 86% of our restaurants worldwide are owned and operated by franchisees.

suppliers



McDonald's suppliers are dedicated to highest levels of quality and safety.

employees



McDonald's is committed to our people who make the difference in providing a great experience for our customers.

Using our **Scale for Good**



Commitment to Families



Beef Sustainability



Packaging and Recycling



Climate Action



Youth Opportunity



**GLOBAL
PRIORITIES**



**FOUNDATIONAL
PROGRAMS**



Animal Health & Welfare, Sustainable Sourcing Goals,
Commitment on Forests, Human Rights & more...

Commitment on Forests Strategy

- McDonald's Supply Chain
- Drive Transformational Change



SCALE FOR
GOOD

Driving Transformational Change – Key Activities

- Beef + Forests – GRSB Goals
- Sharing Soy Calculator
- Support Jurisdictional Approaches



GOOD
GROWTH
PARTNERSHIP

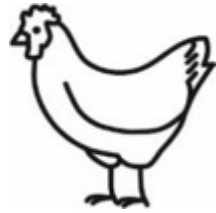


Commodity Strategy - 2020



proforest

AgroTools



Europe

Priority Biome/Region:

Russia

Commodities:

Fiber



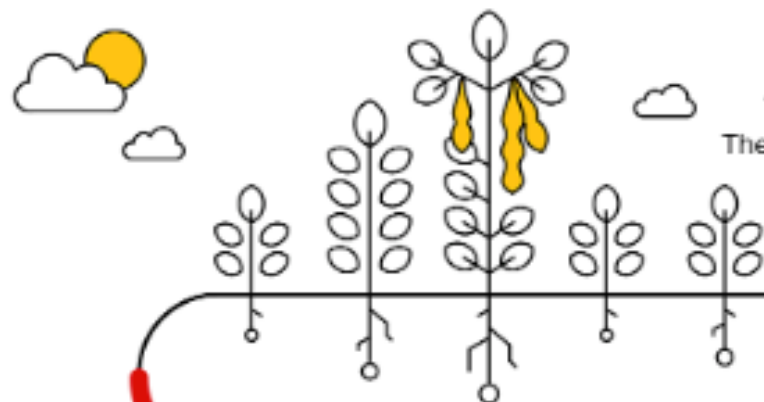
South America

Priority Biome/Region:

The Cerrado and Amazon Rainforest in Brazil,
The Chaco in Argentina and Paraguay, Colombia

Commodities:

Beef, Soy, Palm oil, Fiber and Coffee



Asia

Priority Biome/Region:

Cambodia, China, India, Indonesia, Laos, Malaysia,
Papua New Guinea, Thailand, Vietnam

Commodities:

Palm oil, Fiber and Coffee



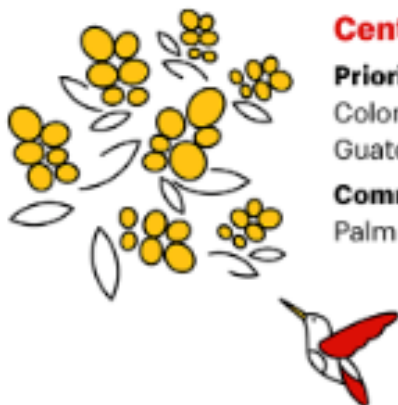
Central America

Priority Biome/Region:

Colombia, Costa Rica, Ecuador,
Guatemala, Honduras

Commodities:

Palm oil, Coffee



Australia

Priority Biome/Region:

[To be defined]

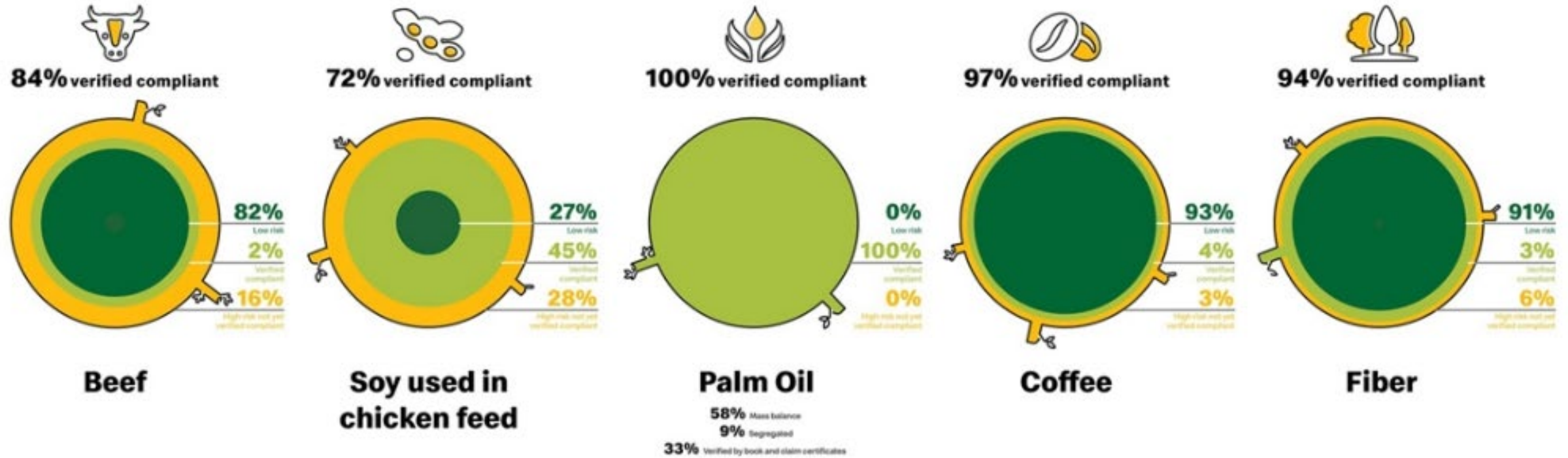
Commodities:

Beef



High Forest Cover Country Sourcing Regions

Percentage of Supply Chain Verified Compliant with Our Commitment on Forests 2018*



*Covering low-risk supply and high-risk supply confirmed as in compliance with our commitment


■ High risk not yet verified compliant
■ High risk verified compliant
■ Low risk

Mapping against AFi and CFA



01 Set Commitments


Develop new commitments or refresh current commitments

 2014



02 Take Action


Implement policies and practices to fulfill commitments


 2015-2019



03 Demonstrate Progress

Monitor, document, and report on progress in a credible way

 2019-2020

 We are here



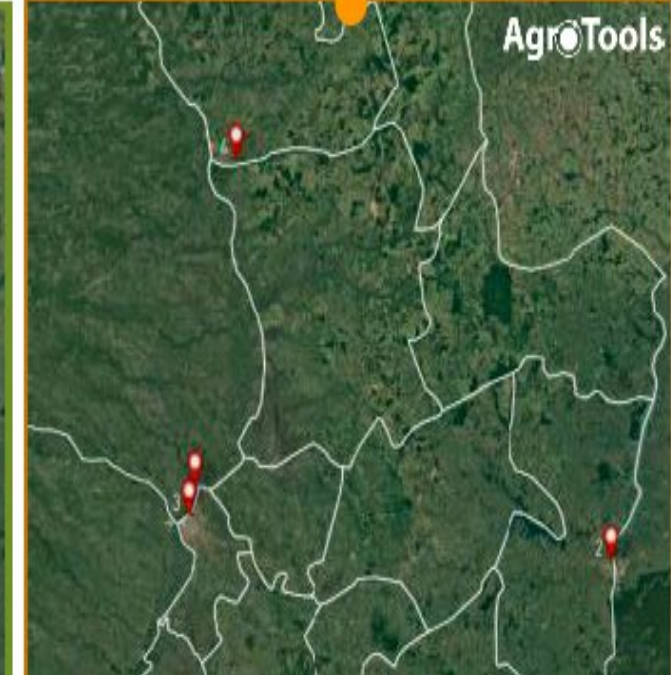
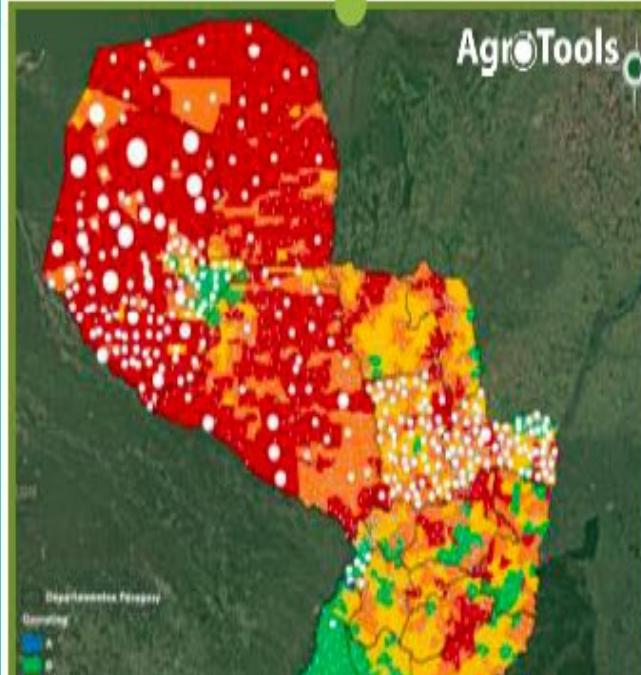
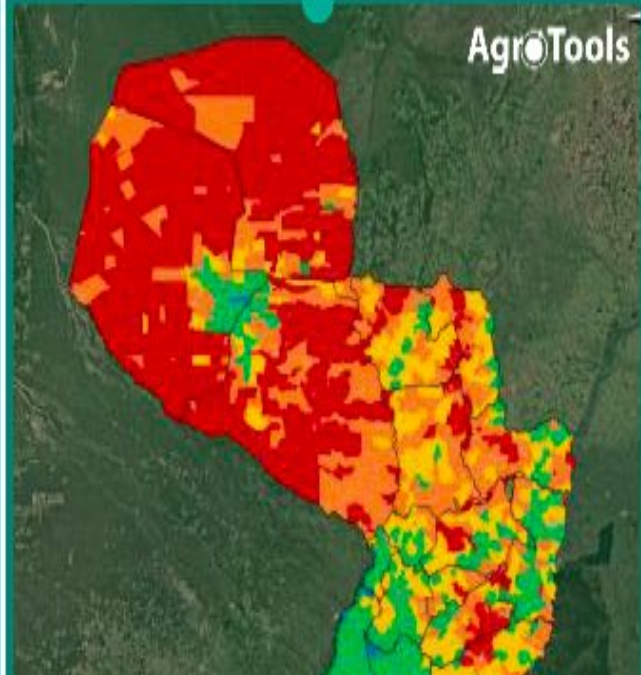
Supply Chain

- Progress in **all 5 elements** of the Guidance
- **Most advanced company** assessed by CFA to date
- **Poultry** solid initial steps, less mature in application
- **Coffee, Fiber** and **Palm Oil** performance determined by certification largely aligned with AFi. Opportunities to improve
- The OG Assessment shows the **difference between McDonald's implementation and companies** with nothing more than a policy
- Remaining challenges require **"market movements"** that CFA can support

Drive Transformational Change

proforest


agrotools



Lessons Learned



1. **Local engagement and tailored solutions-** not a one size fits all solution
2. **Positive language supports engagement** – priority vs. risk
3. **It CAN be done** – at scale and practical for business
4. **Deforestation-free beef and sustainable beef are closely linked**
5. **Reporting continues to be a challenge** - AFI, CFA, CDP can help here
 - Measuring a journey/supply chain activities is different than measuring outcomes
6. **Ask the right questions:**
 - Data to substantiate
 - No certification exists for deforestation-free beef
 - There is no zero risk





Questions to Rachael?

DISCUSSION





Ministry of Foreign Affairs



**SPECIAL THANKS TO OUR
SPEAKERS**

SEE YOU NEXT TIME

June 24 - 15.30-17.00 CET : Part 3

Risk identification, tools and corporate engagement

→ **ACTIAM** | From risks to investment decisions

→ **UN PRI** | Investor expectations on deforestation in cattle supply chains

Host: VBDO

