

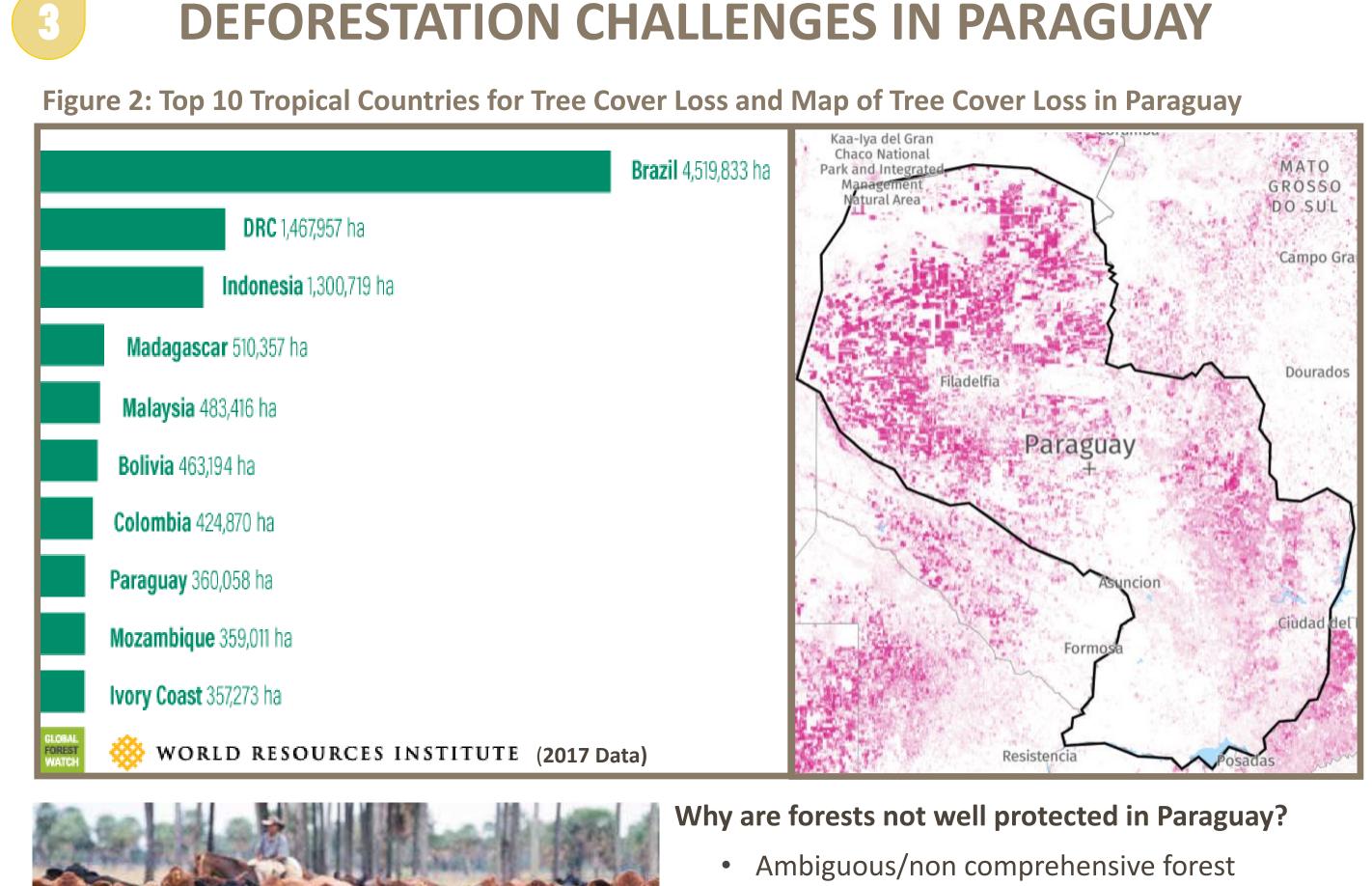
Global Look at Corporate Commitments to Zero Deforestation











protection laws, weak law enforcement, and insufficient traceability infrastructure for in-

Cattle ranching drives most deforestation in

country cattle ranching

- The Paraguayan government and cattle industry
- aim to increase imports of cattle products
- **2017 Cattle Exports:**
 - The majority of frozen, boneless cuts (\$575M) were sold into Russia (39%), Israel (10%), and Vietnam (8%);
 - The majority fresh or chilled, boneless cuts (\$571M) were sold to Chile (73%), Brazil (16%), and Lebanon (2%).

TARGETING ZERO DEFORESTATION REPORT

TRADER

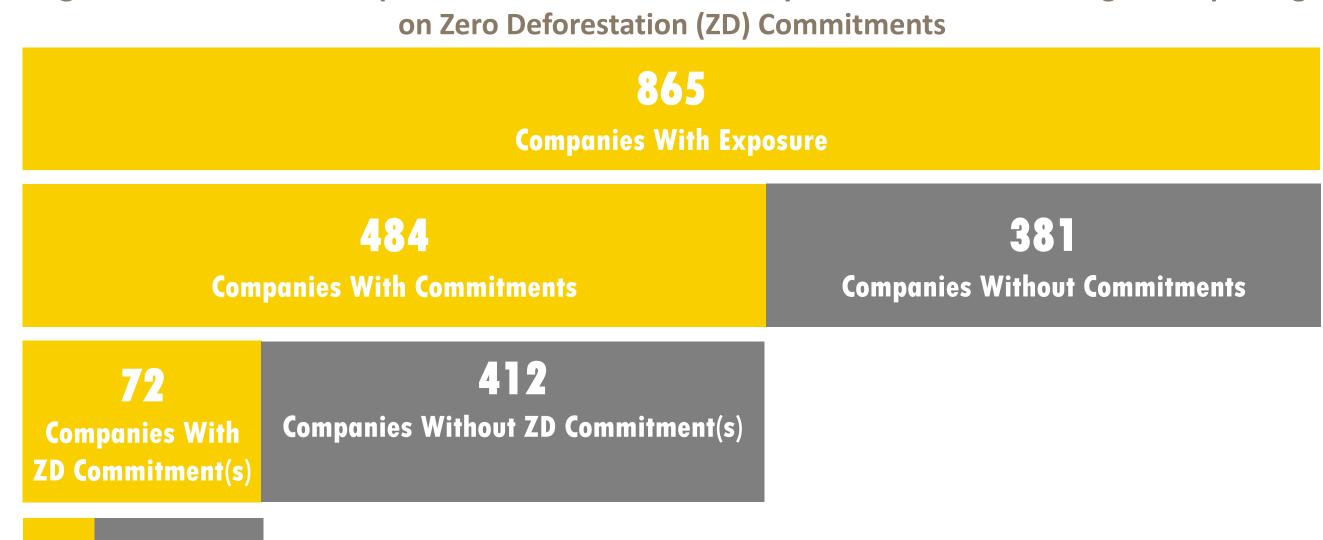
MANUFACTUREF

PROCESSOR

Forest Trends Supply Change Initiative teamed up with Ceres to brief investors on the state of companies committed to addressing deforestation and showing results (Figure 1)

- Over half of companies tracked by Supply Change (448/865) have set sustainable commodity
- Just 72 companies out of the 865 have commitment(s) to zero deforestation (ZD) within their supply chain(s) and only 21 of those have reported progress to those ZD commitment(s)

Figure 1: Variation in Companies' Sustainable Commodity Commitments and Progress Reporting on Zero Deforestation (ZD) Commitments



PRODUCER

Companies with and without Progress Reporting on ZD Commitment(s)



'Out on a Limb' Investor Brief

Based on Supply Change findings, Ceres developed a companion piece which provides guidance around:

- How companies can frame and report progress on commitments to address deforestation via alignment with the Accountability Framework
- What questions and demands investors can make of companies around deforestation.

SUPPLY CHANGE REPORT ON CATTLE COMMITMENTS

Forest Trends Supply Change Initiative teamed up with the International Finance Corporation to analyze the state of corporate reporting on commitments addressing deforestation related to cattle production in Paraguay.

Global Findings

- Supply Change tracks 484 companies (not just in Paraguay) which are active in some portion of cattle supply chains
- Just 12% (56/484) of companies have committed to address deforestation from cattle ranching.

Paraguay-specific Findings

- Supply Change identified 82 companies that produce and/or procure cattle products and are believed to operate in Paraguay.
- Around 20% (16/82) of the companies have committed to address deforestation from cattle ranching
- The majority (13) are headquartered in Europe or North America and are either manufacturers or retailers.

Case Study 1: Minerva's Commitment and Investment in Traceability

 Long-term business strategy of expanding into new markets benefited from loans targeting sustainability improvements.

Case Study 2: Sustainability Leadership among Mennonite Abattoirs Operating in Paraguay

 Building long-term supplier relationships provides an opportunity for building trust and strengthening environmental performance.

Case Study 3: Sustainable Finance Opening Doors in Brazil

- Global attention on deforestation in Paraguay could unlock significant funding streams for forest protection and sustainable farming from donor countries and private foundations.
- Domestic funding and law enforcement are vital for supporting subnational and private sector. leadership.

COMMITMENT MECHANICS

- Company commitments incorporate a range of sustainability criteria e.g. buying goods traceable to the farm, respecting environmental laws, protecting wildlife.
- Additionally, company commitments range in: scope (e.g. geographic specificity), focus (e.g. adherence to environmental law), timeframe and more (Table 2).

Figure 3: Examples of Company Commitment Text

deforestation-free."

General Commitments "We are committed to sustainably sourcing 100 percent of our 10 priority ingredients General Mills by 2020, representing more than 50 percent of our annual raw material purchases" "[We] seek to sustainably source our non-direct major agricultural raw material ingredients by 2025" pepsi "[Target:] Prevent deforestation, with particular focus on soya, palm oil, beef and NorgesGrupper

Cattle-Specific Commitments

COMMITMENT TEXT

"[JBS guarantees] the responsible sourcing of the cattle [...] [and] does not purchase animals coming from farms involved with deforestation, invasion of indigenous lands or conversation units, [...] [or] slave labor practices." "Cattle sourced from direct suppliers operating in the Amazon biome will be



Minerva Foods

(JBS)

COMPANY

"For both direct and indirect suppliers, cattle and by-products shall only be supplied by farms or groups who have formally committed to adopting a trustworthy tracking system which [...] also includes clear environmental criteria aimed at putting an end to deforestation."

Cattle-Specific Commitments with Specific Geographic Reference to Paraguay



"[We are] committed to eliminating deforestation from our beef supply chain by 2020, focusing on the countries with identified deforestation risks"

Upcoming Trends

- As part of their climate goals, an increasing number of influential corporate buyers are employing new tools to monitor land use change supply chains and some expect to drop suppliers based on environmental performance criteria.
- Many target priority export markets have or are developing high expectations for commodity traceability to prove health and environmental performance

OPPORTUNITIES FOR GOVERNMENT & CORPORATE LEADERSHIP ON DEFORESTATION IN PARAGUAY

Question: Can the Paraguayan government and cattle industry ramp up exports of cattle products while protecting forests in Paraguay?

Government Leadership Opportunities

- Strengthen satellite monitoring systems through new partnership with WRI to create Forest Atlas
- Scale up Traceability System of Paraguay (SITRAP) pilot to track and preserve documentation of health standards and land use outcomes
- Clarify inconsistencies in forest protection laws

Company Leadership Opportunities

- Get ahead of the curve and pursue investments tied to environmental performance from groups like the Roundtable on Sustainable Finance
- Draw on guidance from Accountability Framework and expertise from regional roundtables when setting targets
- Register and map suppliers within the new forest monitoring system or within a government approved
- Embed land use standards within supplier contracts and support suppliers to improve their performance



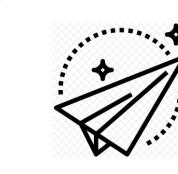












Interested in learning more or collaborating?

Supply Change has the largest regularly updated database tracking company performance on deforestation with:

- 850+ companies
- 700+ commitments
- 200+ metrics (60% not on our website)

Partnerships make research like this possible. Reach out if you have ideas. Website & Newsletter: www.supplychange.org

- Supply_change
- : info@supply-change.org

RETAILER