

## RTRS Meeting Point 2021:

### “The Tipping Point for Shared Responsibility”

On 28th June, more than 300 colleagues from across the soy sector from 25 countries came together for the RTRS Meeting Point 2021, an opportunity to explore some of the most cutting edge issues related to soy and sustainability. We were delighted to count on the participation of speakers and moderators in three panels on China's role in a responsible world; the benefits and challenges of Environmental Footprinting, and the impact of European legislation on responsible sourcing. In between the panels, participants went into an ‘immersive experience’ that took them along the journey of soy as it connects people, agriculture, natural resources and technology; they were also provided with online networking opportunities to share their stories and insights with their peers, which reminds us that the best way to learn and solve complex issues is thinking and acting collectively.

Panels, speakers and main discussion topics are listed below:

#### 1. The Role of China in a Responsible World: Soy sustainability needs global efforts.

##### Speakers

**Mr. Zhang Jianping**, Vice Chairman, China Society for Systematic Analysis of Socio-Economic Systems

**Mr. Liu Denggao**, Former Vice President of China Soybean Industry Association

**Mr. Zhao Yang**, Senior Engineer, China Ministry of Ecology & Environment, Foreign Environmental Cooperation Office

**Lifeng Fang**, Forest Programs Manager, CDP

##### Moderator

**Isabel Nepstad** – Chief Officer and Founder of Bella Terra Consulting

##### Objectives

Explore China’s changing position on responsible sourcing and sustainability standards, and consider the public policies that can support private sector initiatives to transform the soy supply chain.

##### Guiding questions

- What is the potential leadership role for China when it comes to a more responsible soy supply chain?

- What are the lessons learned from the Chinese market, and what additional support is needed to further promote responsibility in the supply chain?
- What public sector policies can help to incentivize transformation in the private sector?
- How does China perceive the role that standards have to play in promoting responsibility in the supply chain?

## Summary of key points

Speakers pointed out the important role that China plays in the global soy supply chain, especially for promoting sustainability and responsibility, recognizing at the same time that while China has a large population and a significant domestic market, it will not necessarily follow the same development path of other developed countries due to their per capita consumption and particular market demands. Along these lines, **Prof. Zhang Jianping, Vice Chairman of the China Society for Systematic Analysis of Socio-Economic Systems**, remarked that in the future China will make its contributions to sustainable soy via sustainable consumption.

**Prof. Zhang Jianping** further noted that China has made significant strides, in particular regarding environmental protection. China will be hosting COP15 later this year and has made a public commitment to become carbon neutral by 2060. Its carbon goals will be incorporated into all the sectors and companies.

Moreover, China is also building its domestic supply chain for the production of soy. **Mr. Zhao Yang, Senior Engineer for the China Ministry of Ecology & Environment & Foreign Environmental Cooperation Office**, pointed out that to address this and meet this ambitious goal China is investing in a number of efforts, including through Nature Based Solutions.

In this scenario, **Mr. Liu Denggao, Former Vice President of China Soybean Industry Association**, explained that there is a particular place for standards, as it is important within the industry to have both the laws and regulation in place to promote sustainability and provide incentives, but also to have standards to help to define what is sustainable and responsible.

**Prof. Zhang Jianping, Mr. Liu Denggao and Lifeng Fang, Forest Programs Manager of the Carbon Disclosure Program (CDP)**, remarked that costs and responsibilities need to be shared equally across the supply chain and globally, a topic at the heart of our Meeting Point. How to share responsibility across the supply chain from producers all the way to the consumers; and how to make consumer markets like China and Europe become more engaged and work closely together. The importance of adjusting the total sustainable demand and total supply was specially mentioned.

Finally, new emerging tools and methods can be leveraged to increase developments in China from the investor perspective, including green finance and incentives.

## 2. The Benefits and Challenges of Environmental Footprinting

### Speakers

**Nick Major**, ForFarmers and Global Feed LCA Institute (GFLI)

**Will Schreiber**, Representative of Retail Soy Group (RSG)

### Moderator

**Janjoris van Diepen**, Senior Consultant at Blonk Consultants

### Objectives

- Explain what environmental footprinting is and why it is important.
- Demonstrate how environmental footprinting of RTRS soy can add value for adopters of certification.
- Explore some of the benefits and challenges in environmental footprinting.

### Guiding questions

- Why are leading soy buyers now concerned with environmental footprinting and what are their demands?
- What is the scope of environmental footprinting?
- What solutions are available for measuring the environmental footprint?
- What challenges arise when it comes to environmental footprinting?

## Summary of key points

**Janjoris van Diepen, Senior Consultant at Blonk Consultants**, opened the panel by explaining how to assess the environmental footprint: the Life Cycle Assessment (LCA) methodology is used and looks into all the inputs and outputs and emissions that occur along the value chain. This process involves looking at each life cycle stage of the product, starting from planting, all the way to transport, processing, use of products and disposal.

The carbon footprint was the main topic of this session, but an environmental footprint can also include other environmental indicators such as land use, water consumption, acidification<sup>1</sup> and eutrophication<sup>2</sup>. Still, it is remarked that LCA methodology would not

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<sup>1</sup> Changes in acidity of the soil are caused by atmospheric deposition of acidic substances. These emissions are: NO<sub>x</sub>, NH<sub>3</sub> and SO<sub>2</sub>. NO<sub>x</sub> is mainly formed during combustion processes. Agriculture is the main source for NH<sub>3</sub>. And energy combustion (coal) counts mainly for SO<sub>2</sub> emissions. Serious changes in acidity of the soil are harmful for specific species

capture all sustainability issues. Important topics including biodiversity and soil quality are not captured since no environmental impact methods are developed for these sustainability issues yet, or the existing methods still need to become more robust. Although there have been a lot of developments in LCA in the past years and the calculation of specific product footprints is a development that has become increasingly common, the fact is that currently most companies that carry out inventories of environmental footprints have to use default average footprint information of crops in certain countries. The issue when using default information is that country-level indicators might not be the most appropriate because they are not representative of the significant regional variations that each farm or land in that country might have; this would imply that setting a target on an “inappropriate” average means the baseline is likely incorrect.

**Nick Major, Director of Corporate Affairs at ForFarmers and Director of Global Feed LCA Institute (GFLI)**, brought as a top challenge the need for all actors to use the same methodology and dataset. The main opportunity that environmental footprinting brings to the feed and livestock industries is that it will lead to a more evidence-based discussion on the role of livestock production in sustainable food systems.

On his part, **Will Schreiber, Representative of Retail Soy Group (RSG)**, highlighted how critical transparency is in everything that happens across supply chains, including the issue of deforestation, as the loss of large areas of forests in the Amazon means that the region is a source of emissions, and this has direct implications on soy production and sourcing. Other elements beyond climate must also be taken into consideration, including the use of pesticides, but the scale and scope of these issues can only be properly addressed if they are measured and the size of the problem is better understood.

To close, panelists referred to the role of certification in making the supply chain more sustainable, and the direct links between environmental footprinting and its use by certification schemes such as RTRS. They also wondered what it would take to make footprinting as equitable and transparent as possible and ensure that it is future-proof by being able to include other variables in addition to carbon and land use in its calculation.

Last but not least, participants learned that Blonk is currently working with RTRS on a road map of the environmental footprinting of RTRS certified soy in order to add value to the certified material.

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<sup>2</sup> *Eutrophication is the enrichment of a water body with nutrients, usually an excess amount of nutrients that induces growth of plants and algae to the biomass load. The extreme growth may result in oxygen depletion of the water body and cause species to suffocate.*

### 3. Will European legislation change the rules of the game for responsible sourcing?

#### Speakers

**Hugo-Maria Schally**, Head of Unit of Multilateral Environmental Cooperation, European Commission

**Karin Kreider**, Executive Director, ISEAL Alliance

#### Moderator

**Fabiola Zerbini**, Latin America Regional Director, Tropical Forest Alliance

#### Objectives

- Promote a better understanding of developments in legislation at the European and national government levels relating to deforestation in commodity supply chains.
- Explore implications and impacts beyond the EU, both in countries of origin and destination countries.
- Enquire about the role that certification schemes like RTRS have to play in the new legislative landscape.

#### Guiding Questions

- How will existing and new EU legislation change the rules for sustainability in the soy value chain?
- What are the ramifications beyond the borders of Europe?
- What does that mean for RTRS sourcing?

### Summary of key points

As the session started, the first remarks referred to the fact that Europe is an important importer of soy mainly from Brazil but from Latin America in general, especially companies and countries from the European Union, many of which are involved with voluntary and mandatory sustainability actions.

**Hugo-Maria Schally, Head of Unit of Multilateral Environmental Cooperation for the European Commission**, discussed the issue of deforestation and the overall context of the implementation of the European Green Deal to make sure European consumption does not contribute to further deforestation. The conclusion of public consultations was that voluntary approaches alone were not sufficient. He shared the vision that society and stakeholders support the idea of having a level playing field by establishing some horizontal mandatory requirements that suppliers would have to comply with to place their products on the EU market. It is with this in mind that the European Union is seeking to put through due diligence obligations for its operators, ensuring that only commodities coming from sustainable and clean supply chains are placed on the European Union market.

**Karin Kreider, Executive Director of ISEAL Alliance**, welcomed European Union efforts to raise the bar on sustainable production, and the European Union's agenda on deforestation and corporate due diligence. **Karin** said that corporate due diligence could have the potential to be a game changer, as the legal approach can persuade the rest of the market that has not been moving forward with sustainable practices as fast as it could. Additionally, a smart mix of policies and tools is needed to address the complex sustainability issues, so we can bring in governments, companies, NGOs, multistakeholder standards and voluntary approaches to be part of the mix.

**Karin** noted that this was also mentioned in the China panel as well, where the panelists talked about the need for both regulation and industry associations that are creating industry or sector specific standards. Europe is leading the way with legislation and it may influence how policy is developed around the world. It may be a model that others will look at, to see what needs to be done and what has been most effective.

**Mr. Schally** commented that from 2020 onwards, the trends and market signals that influence the future of halting deforestation are gaining momentum. The work with consumer and producer markets is very important and it should be performed smoothly, without interrupting supply chains to the detriment of consumers or producers. He also referred to the fact that later in the year, the European Union will propose a new taxonomy regulation, a revision of the non-financial reporting directive, due diligence for corporate companies and more.

**Karin Kreider** talked about how certifications and legislations can work together from a company perspective. At the beginning, standards and certifications were developed as tools to support businesses. At present, it is necessary to understand the changes and innovations the certification systems shall implement in order to respond to the future legislation. **Kreider** made special emphasis on the responsibility companies have for their due diligence obligations independently of the role of certification standards.

**Mr. Schally** further commented that certification certainly could help companies gather the information they need to comply with the due diligence requirements that will be established under the regulation – only if the information provided by this certification is reliable of course – but that certification alone cannot be considered as a green lane for placing products on the European Union market.

Finally, **Karin Kreider** talked about the need of a holistic approach making sure that small and medium sized producers are not excluded from supply chains, by creating policies that ensure their inclusion; moreover looking into deforestation not purely from a conservation perspective or an environmental perspective, but recognizing that deforestation is often related to the issue of livelihoods or economic conditions, so looking at legislation in a way

that does not have a narrow, single issue focus, but that encompasses these broader issues that producers around the world are facing.

Special thanks to the moderators and speakers for being part and enabling this arena of presentations and exchange of key subjects and ideas. Also, a big recognition to the more than 300 participants of the entire supply chain for joining the Meeting Point. Let's celebrate the opportunity to debate and work for a more sustainable soy production.

